

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 9, 2022

Agenda ID #21142
-Ratesetting**TO PARTIES OF RECORD IN RULEMAKING 18-07-003:**

This is the proposed decision of Administrative Law Judges Manisha Lakhanpal and Nilgun Atamturk. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 15, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf

Attachment

PROPOSED DECISION

ALJ/ML2/NIL/jnf

PROPOSED DECISION

Agenda ID #21142 (Rev. 1)

Ratesetting

12/15/2022 Item #16

Decision **PROPOSED DECISION OF ALJ LAKHANPAL AND ALJ
ATAMTURK (Mailed 11/9/2022)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking To
Continue Implementation and
Administration, and Consider Further
Development, of California
Renewables Portfolio Standard
Program.

Rulemaking 18-07-003

**DECISION ON 2022 RENEWABLES PORTFOLIO
STANDARD PROCUREMENT PLANS**

TABLE OF CONTENTS

Title	Page
DECISION ON 2022 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS.....	1
Summary.....	2
1. Background.....	56
2. Issues Before the Commission.....	89
3. Organization of the Decision.....	10
4. Assessment of RPS Portfolio Supplies and Demand.....	11
4.1. Long-Term Procurement.....	11
4.2. Portfolio Diversity and Reliability.....	16
5. IOUs' 2022 RPS Plans.....	18
5.1. Comments and Reply Regarding RPS Plans.....	19
5.2. PG&E's Draft 2022 RPS Plan.....	22
5.2.1. PG&E's Bank Usage to Meet Compliance through 2028 and Procurement Needs.....	22
5.2.2. PG&E's RPS Sales Framework – Sale of RPS Volumes.....	25
5.2.3. RFI for Contract Assignments and Contract Modifications.....	27
5.2.4. PG&E's Proposals to Modify its Procurement Pro Forma Agreements.....	27
5.3. SCE's Draft 2022 RPS Plan.....	28
5.3.1. SCE's Forecasted Short RPS Position and Proposed Procurement Solicitation.....	28
5.3.2. SCE's Plan to Sell RPS Volumes.....	30
5.3.3. RFI for Contract Assignments and Contract Modifications.....	31
5.3.4. SCE's Proposal to Modify its Pro Forma Power Purchase Agreement.....	31
5.4. SDG&E' Draft 2022 RPS Plan.....	33
5.4.1. Request to Procure RPS Eligible Resources.....	33
5.4.2. RPS Sales Framework.....	34
5.4.3. RFI for Contract Assignments and Contract Modifications.....	35
5.5. Other Issues.....	35
6. SMJUs.....	36
6.1. BVES' Draft 2022 RPS Plan.....	37
6.1.1. BVES' Portfolio Supply and Demand, Long-Term Procurement, and Risk Assessment.....	37
6.1.2. BVES' Transportation Electrification Forecast.....	38
6.1.3. BVES' Implementation of SB 255.....	39
6.2. Liberty's Draft 2022 RPS Plan.....	39

6.2.1. Liberty's Long-Term Contracting.....	40
6.2.2. Liberty to Describe Its VMOP.....	41
6.2.3. Liberty to Provide a Compliance Risk Severity Analysis.....	41
6.2.4. Liberty's Transportation Electrification Forecast.....	41
6.2.5. Liberty's Project Development Status Update Template.....	42
6.2.6. Liberty's SB 255 Implementation.....	42
6.3. PacifiCorp's Draft 2022 RPS Plan.....	42
6.3.1. PacifiCorp's Compliance Planning, Long-Term Compliance, and Potential Compliance Delays.....	43
6.3.2. Procurement Quantity Requirement for CP 4.....	44
6.3.3. Issues Related to SB 255 and Transportation Electrification Forecast.....	45 <u>44</u>
6.3.4. PacifiCorp's Risk Assessment and MMoP.....	45
7. CCAs and ESPs.....	46 <u>45</u>
7.1. CCAs Need to Procure.....	46
7.2. ESPs Need to Procure.....	47
7.3. CCA- and ESP-Related Issues to Address in the Final 2022 RPS Plans.....	48
7.3.1. Project Development Status Update.....	48
7.3.2. Risk Assessment and Potential Compliance Delay.....	50
7.3.3. MMoP.....	54
7.3.4. Safety Considerations.....	56
7.3.5. Curtailment Frequency, Forecasting, Costs.....	57
7.3.6. Renewable Net Short Calculations.....	59
7.3.7. Supplier Diversity.....	60
7.3.8. Cost Quantification.....	62
8. Motions for Confidentiality and Late-Filing.....	64
9. Comments on Proposed Decision.....	66
10. Assignment of Proceeding.....	66 <u>69</u>
Findings of Fact.....	66 <u>69</u>
Conclusions of Law.....	71 <u>75</u>
ORDER.....	75 <u>78</u>

DECISION ON 2022 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS

Summary

Today's decision adopts, with modifications, the Draft 2022 Renewables Portfolio Standard Procurement Plans (RPS Plans) of the following retail sellers:

1. The large Investor-Owned Utilities (IOU) the Commission regulates: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).
2. The Small and Multi-Jurisdictional Utilities (SMJU) under our jurisdiction: Bear Valley Electric Service, Inc. (BVES or Bear Valley) and Liberty Utilities (CalPeco Electric), LLC (Liberty). PacifiCorp, d/b/a Pacific Power (PacifiCorp) is required to file a final "Off-Year Supplement" that provides additional information relevant to the RPS program.
3. Community Choice Aggregators (CCAs): Apple Valley Choice Energy; Central Coast Community Energy; City of Palmdale; City of Pomona; City of Santa Barbara; Clean Energy Alliance; Clean Power Alliance; CleanPowerSF; Desert Community Energy; East Bay Community Energy; King City Community Power; Lancaster Choice Energy; Marin Clean Energy; Orange County Power Authority; Peninsula Clean Energy; Pico Rivera Innovative Municipal Energy; Pioneer Community Energy; Rancho Mirage Energy Authority; Redwood Coast Energy Authority; San Diego Community Power; San Jacinto Power; San Jose Clean Energy; Silicon Valley Clean Energy Authority; Sonoma Clean Power; and Valley Clean Energy Alliance.
4. Electric Service Providers (ESP): 3 Phases Renewables, Inc.; Calpine Energy Solutions, LLC; Brookfield Renewable Energy Marketing US LLC; Calpine PowerAmerica-CA, LLC; Commercial Energy of California; Constellation NewEnergy, Inc; Direct Energy Business, LLC; EDF Industrial Power Services (CA), LLC; Pilot Power Group,

LLC; Shell Energy North America (US), L.P.; and The Regents of the University of California.

The Final 2022 RPS Plans are due no later than 30 days following the issuance of this decision by the California Public Utilities Commission (Commission). This decision adopts the following directives:

Large Investor-Owned Utilities:

- The IOUs shall update their Final 2022 RPS Plans with updated information on the status of their Voluntary Allocation and Market Offer (VAMO) process and the outcome of their mid-term reliability procurements pursuant to their Integrated Resources Planning mandates.
- PG&E's ~~sales~~ solicitation protocol is approved with modifications, as PG&E is required to modify its procurement pro forma agreement.
- PG&E shall update its renewable net short calculations and any sections of their final plans where the analysis changes because actual VAMO and mid-term reliability (MTR) results do not align with their assumptions in their draft plan.
- PG&E is allowed to rely on its RPS bank to meet RPS compliance obligations through 2028.
- SCE's and SDG&E's sales solicitation protocols are approved.
- SCE's modified pro forma power purchase agreement is approved.
- The IOUs have the option to hold an RPS procurement solicitation in the 2022 solicitation cycle to meet their RPS compliance obligations, should they fall short after the completion of sale of excess RPS resources under the VAMO process.
- The IOUs may sell RPS volumes for the period covered by the 2022 RPS Procurement Plans to balance their respective RPS portfolio.

- PG&E, SCE, and SDG&E are authorized to hold a Request for Information in the 2022 RPS cycle pursuant to Decision 21-05-030.
- The Market Offer process is open to all market participants, including the IOU administering the process. Therefore, each IOU is allowed to participate as a bidder in the Market Offer solicitation offered by the other two IOUs.
- The procuring IOUs shall submit either Tier 1 or Tier 3 Advice Letters seeking approval of short-term or long-term procurement contracts, respectively, and follow the Commission's Energy Resource Recovery Account (ERRA) ratemaking process for cost recovery.

Small and Multi-Jurisdictional Utilities:

- BVES shall update the plan narrative in its Final 2022 RPS Plan to reconcile it to the Residual Net Short (RNS) calculation which shows that BVES lacks sufficient supply to meet current and future compliance period obligations.
- BVES shall provide in its Final 2022 RPS Plan the following information to meet the requirements of the 2022 RPS Procurement Plan Assigned Commissioner Ruling (ACR). BVES shall (1) provide an update on its procurement activities or indicate how it will mitigate upcoming compliance risk in the event its February 21, 2022 Request for Proposals or efforts to develop a solar plus storage facility are not successful; (2) include a quantitative analysis of its long-term procurement position for the current compliance and future compliance periods; (3) include a full risk assessment discussion, including all subsections outlined in the ACR (compliance risk, risk modeling and risk factors, system reliability, and lessons learned), and discuss severity of risk (high, medium, and low) in the compliance risk subsection (4) provide details regarding its transportation electrification load forecasting; and (5) submit additional information on its implementation of Senate Bill (SB) 255.
- Liberty shall provide the following information in its Final 2022 RPS Plan to meet the requirements of the 2022 ACR.

Liberty shall (1) provide a quantitative assessment of its long-term procurement position and provide additional discussion regarding its alternative long-term procurement compliance plan, should its Luning Expansion project not receive Commission approval as proposed; (2) describe the voluntary margin of over-procurement, (3) include a full risk assessment discussion, including severity of risk (high, medium, and low) in the compliance risk subsection and explain how it would manage either unexpected increases in demand or decreases in generation; (4) provide details regarding its transportation electrification load forecasting; (5) include the Luning Expansion project in its project development status update template; and (6) submit additional information on its implementation of SB 255.

- PacifiCorp's final off-year 2022 supplement shall provide the following information to meet the requirements of the 2022 ACR. PacifiCorp shall ~~(1) identify and describe impacts of local or regional policies on RPS obligations (2) provide quantitative assessment of long-term procurement position and describe the impact of potential compliance delays,~~ (3) describe Procurement Quantity Requirement need for Compliance Period 4, ~~(4)~~ 2 incorporate RNS figures into its compliance narrative, ~~(5)~~ 3 describe transportation electrification load forecasting, ~~(6)~~ 4 describe implementation of supplier diversity mandates of Senate Bill 255, ~~(7)~~ 5 provide risk assessment formatted with required subsections as well as a severity analysis for compliance risks, and ~~(8)~~ 6 provide Minimum Margin of Procurement scenarios.

Community Choice Aggregators and Energy Service Providers:

- CCAs and ESPs must supplement their final 2022 RPS Plans according to the directives provided in Section 7 and its subsections of this decision.

1. Background

The California Renewables Portfolio Standard (RPS) program was established by Chapter 516, Statutes of 2002 (Senate Bill (SB) 1078), and has been

subsequently modified by Chapter 464, Statutes of 2006 (SB 107); Chapter 685, Statutes of 2007 (SB 1036); Chapter 1, Statutes of 2011 (SBX1-2); Chapter 547, Statutes of 2015 (SB 350); and Chapter 312, Statutes of 2018 (SB 100). The RPS program is codified in Public Utilities (Pub. Util.) Code Sections 399.11-399.33.¹ SB 350 includes interim annual RPS targets with three-year compliance periods and requires 65 percent of RPS procurement to be derived from long-term contracts of 10 or more years. In 2018, SB 100 (de León, 2018) was signed into law, which again increases and accelerates the RPS procurement to 60 percent by 2030 and sets the goal for 100 percent of the state's electricity to come from carbon-free resources by 2045.

In Decision (D.) 12-11-016, the California Public Utilities Commission (CPUC or Commission) refined the RPS procurement process as part of its implementation SB 2 (1X) (Simitian, Stats. 2011, ch.1). In prior decisions, the Commission had set forth the process for filing and evaluating the RPS Procurement Plans (RPS Plans) of electrical corporations and other retail sellers. The statutory definition of "retail seller" includes small and large electrical corporations, Community Choice Aggregators (CCAs), and Electric Service Providers (ESPs).²

On May 20, 2021, we adopted D.21-05-030 in Rulemaking (R.) 17-06-026, setting rules to implement the Voluntary Allocation, Market Offer, and Request for Information (RFI) processes for RPS contracts subject to the Power Charge Indifference Adjustment (PCIA) mechanism. According to D.21-05-030, all load-serving entities (LSEs) must report their Voluntary Allocation and Market

¹ All references are to the Public Utilities Code, unless otherwise noted.

² Pub. Util. Code §§ 399.12(f) & 218. Pursuant to Pub. Util. Code Section 399.11 (d)(4) retail seller means an entity engaged in the retail sale of electricity to end-use customers.

Offer (VAMO) participation in their annual RPS Plans and RPS compliance reports.³ Additionally, the investor-owned utilities (IOUs) must file their proposed Market Offer process in their annual RPS Plans.⁴

On April 11, 2022, an assigned Commissioner and assigned Administrative Law Judge Ruling (2022 ACR) was issued according to the authority provided in Pub. Util. Code Section 399.13(a)(1). This Ruling identified the 2022 RPS Procurement Plan filing requirements for all retail sellers of electricity. It set a schedule for the Commission's review of the 2022 RPS Procurement Plans (2022 RPS Plans). The 2022 ACR also adopted a procedural schedule for the parallel tracks (Track 1 and 2) to review VAMO information as part of the 2022 RPS Plans.

On May 2, 2022, a Joint Market Offer proposal was filed by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) as Track 1 of their Draft 2022 RPS Plan.

On May 16, 2022, each IOU filed a confidential version of Track 1 Draft 2022 RPS Plans with their Market Offer solicitation protocols.

On July 1, 2022, the following retail sellers filed their Draft 2022 RPS Plans, including the best available information on their Voluntary Allocations: 3 Phases Renewables, Inc. (3 Phases Renewables), Apple Valley Choice, Bear Valley Electric Service, Inc. (BVES or Bear Valley), Calpine Energy Solutions, LLC, Calpine PowerAmerica-CA, Central Coast Community Energy, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Commercial Energy of California, Constellation

³ See D.21-05-030 at 36.

⁴ *Id.*

NewEnergy, Inc., Desert Community Energy, Direct Energy Business, LLC, East Bay Community Energy, EDF Industrial Power Services (CA), LLC, King City Community Power, Lancaster Choice, Liberty Utilities (CalPeco Electric), LLC (Liberty), Marin Clean Energy, Orange County Power Authority, Pacific Gas and Electric Company (PG&E), PacifiCorp, d/b/a Pacific Power (PacifiCorp), Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pilot Power Group, LLC, Pioneer Community Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Diego Gas & Electric Company (SDG&E), San Jacinto Power, San Jose Community Energy, Shell Energy North America (US), L.P., Silicon Valley Clean Energy, Sonoma Clean Power, Southern California Edison (SCE), The Regents of the University of California, and Valley Clean Energy Alliance. On July 28, 2022, Brookfield Renewable Energy Marketing US LLC filed its Draft 2022 RPS Plan.

Comments on the proposed plans were due on August 1, 2022. Reply comments on draft RPS Plans were due on August 15, 2022. Motions to update RPS Plans were due on August 15, 2022. On August 15, 2022, most retail sellers filed motions to update their draft RPS Plans.

All RPS Plans were filed on time, with the exception of Brookfield Renewable Energy Marketing US LLC who is a new ESP and 3 Phases Renewables who filed their updated draft RPS Plan on October 19, 2022. Comments on the RPS Plans were filed by PG&E, Green Power Institute (GPI), and the Small Business Utility Advocates (SBUA). Reply comments were filed by GPI, SDG&E, PG&E, and SCE.

On September 29, 2022, a proposed decision was issued to adopt Voluntary Allocations and modify the Market Offer process proposals under Track 1 of the 2022 RPS Plans.

2. Issues Before the Commission

In this decision, we review Track 2 of the Draft 2022 RPS Plans for information required by statute and the 2022 ACR and dispose of any requests or proposals specific to each retail seller.

To help retail sellers organize the submission of comprehensive 2022 RPS Plans, the 2022 ACR listed specific issues to address and guidance on managing the information, including quantitative analysis and narratives supporting the retail seller's assessment of its portfolio's future procurement decisions.

The issues required by statute and the 2022 ACR are as follows:

1. Assessment of RPS Portfolio Supplies and Demand
2. Project Development Status Update (PDSU)
3. Potential Compliance Delays
4. Risk Assessment
5. Renewable Net Short Calculation (RNS)
6. Minimum Margin of Procurement (MMoP)
7. Bid Solicitation Protocol
8. Safety Considerations
9. Consideration of Price Adjustments Mechanisms
10. Curtailment Frequency, Forecasting, Costs
11. Cost Quantification
12. Coordination with the Integrated Resources Planning (IRP) Proceeding

We reviewed the Draft 2022 RPS Plans for completeness, accuracy, and compliance. Based on the guidance in the 2022 ACR, we also examined the Draft 2022 RPS Plans for the following:

1. Compliance with Table 1 of the 2022 ACR, which required all RPS Plans to be accompanied by a checklist;
2. Description of the retail seller's overall plan for procuring RPS resources to satisfy the RPS program requirements

- while minimizing cost and maximizing value to customers, as well as demonstrating how retail sellers comply with direction for RPS planning in SB 350, SB 100, and SB 901 (Dodd, Stats. 2018, ch.626). This includes, but is not limited to, any plans for building retail seller-owned resources, investing in renewable resources, and engaging in the sales of RPS-eligible resources.
3. Consistency of information in the RPS Plan.
 4. Thoroughly describing and addressing procurement and sales of RPS-eligible resources to demonstrate reliability and alignment with the State's policy goals. The 2022 ACR required responses that provide summaries and detailed descriptions necessary to understand how a retail seller's planning and procurement strategies address state goals and satisfy statutory requirements.
 5. Compliance with the format and numbering convention in Table 1 of the 2022 ACR.

3. Organization of the Decision

The RPS statute requires that retail sellers prepare an annual RPS procurement plan for Commission review.⁵ This decision reviews 42 Draft 2022 RPS plans filed by the IOUs (3), SMJUs (3), ESPs (11), and CCAs (25). The Commission has reviewed and approved or accepted annual RPS procurement plans for over a decade. This year is unique for the retail sellers as the IOUs are implementing the VAMO process, and there is uncertainty around the near-term sale and procurement needs. While all IOUs are long on their RPS positions, the VAMO implementation might change their RPS needs in the coming years. This year all the IOUs are requesting to count their renewable generation procurements from the IRP solicitations towards the RPS eligibility.

⁵ Pub. Util. Code § 399.13(a).

Besides reviewing the need for procurement and sale of RPS resources to balance their portfolios, reviewing the three large IOUs' procurement plans has become routine. This decision describes only the sections of the IOUs', ESPs', and CCAs' procurement plans that are key, disputed, or seeking specific requests.

4. Assessment of RPS Portfolio Supplies and Demand

We discuss our findings and give guidance to all retail sellers in this section.

4.1. Long-Term Procurement

SB 350 (Statutes of 2015, Chapter 547) increased the RPS long-term contracting requirement such that 65% of all procurement used for RPS compliance must be through contracts with terms of 10 years or longer. The 65 percent long-term requirement becomes effective for all retail sellers in the 2021 – 2024 compliance period, though some elected for early compliance in the 2017 – 2020 compliance period. Prudent long-term contracting assessments should be used to inform a retail seller's RPS procurement planning and procurement decisions for current and future compliance periods.

Our assessment of the Draft 2022 RPS Plans' compliance with the long-term procurement requirements for retail sellers is shown in Table 1 below.

**Table 1: Forecasted Long-Term Contracting Positions of
Retail Sellers for 2021-2024 Compliance Period**

Current Contracts Forecasted to Meet the 65% Long-Term Contract Requirement	Contracted above 5% of RPS Contracts as Long-Term Contracts but Less Than 65%	No Long-Term Contracts or Less Than 5% Long-Term Contracts
PG&E	San Diego Community Power	Brookfield Renewable Energy Marketing US
SCE	San Jacinto Power	
SDG&E	Commercial Energy of CA	
BVES	Constellation New Energy	

Current Contracts Forecasted to Meet the 65% Long-Term Contract Requirement	Contracted above 5% of RPS Contracts as Long-Term Contracts but Less Than 65%	No Long-Term Contracts or Less Than 5% Long-Term Contracts
Liberty	Pilot Power Group	
PacifiCorp	City of Santa Barbara	
Central Coast Community Energy	City of Palmdale	
City of Pomona	Redwood Coast Energy Authority	
CleanPowerSF	Orange County Power Authority	
King City Community Power		
Lancaster Choice Energy		
Marin Clean Energy		
Pico Rivera Innovative Municipal Energy		
Rancho Mirage Energy Authority		
San José Clean Energy		
Silicon Valley Clean Energy		
Solana Energy Alliance		
Sonoma Clean Power		
Valley Clean Energy		
Direct Energy Business		
Shell Energy North America		
UC Regents		
EDF Industrial Power Services		
3 Phases Renewables		
Calpine Energy Solutions		
Apple Valley Choice Energy		
Clean Energy Alliance		
Clean Power Alliance		
Peninsula Clean Energy		

Current Contracts Forecasted to Meet the 65% Long-Term Contract Requirement	Contracted above 5% of RPS Contracts as Long-Term Contracts but Less Than 65%	No Long-Term Contracts or Less Than 5% Long-Term Contracts
Desert Community Energy		
Pioneer Community Energy		
Calpine Power America		
East Bay Community Energy		

The Commission encourages early planning on long-term procurement to hedge for delays in project development for new renewable build and potential project performance issues. Inadequate long-term procurement planning can impact the risk profile of a retail seller's portfolio and the State achieving its renewable goals. The vast majority of existing renewable energy procurement for IOUs and SMJUs is derived from long-term contracts. In comparison, some CCAs and ESPs have not yet procured enough RPS energy from long-term contracts to meet the 65 percent requirement.

The Commission directed retail sellers to provide a detailed plan for how they will meet the long-term contracting requirement and conduct risk assessments in their RPS Procurement Plans. The expectation set in the 2022 ACR was that both narratives would consider the risk, such as failure to construct a project or delayed construction, resulting in electricity not being delivered as required by the contract. Effective procurement planning should inform retail sellers' procurement decisions while minimizing compliance risks and the effects of potential project delays.

The Draft 2022 RPS Plans demonstrate that some retail sellers are prudently procuring new renewables with sufficient lead-time to allow for

potential delays in project development, but others are not. Failure to meet the long-term requirement has significant consequences and will result in a retail seller failing to meet overall RPS requirements. Thus, inadequate procurement planning may cause retail sellers not to meet the State's needs, negatively implicating electric reliability and progress towards SB 100 goals. The retail seller may incur financial penalties to be borne by its shareholders that could significantly impact its financial viability and at the same time burden ratepayers with less reasonably cost options.

Retail sellers are required to present a narrative description about how their current and planned RPS portfolios will comply with the long-term contracting rules, and include a quantitative assessment of retail sellers' long-term RPS positions. All Final 2022 RPS Plans must include a timeline for how retail sellers will ramp up to the 65 percent long-term procurement requirement, if they have not already met it, and detail how they will continue to meet the long-term procurement requirement in the future.

We have identified the long-term procurement sections provided by SCE, CleanPowerSF, and Central Coast Community Energy as examples to serve as the best examples for long-term procurement planning. In their Final 2022 RPS Plans, the retail sellers identified in Table 2 shall update their long-term procurement sections to include a quantitative assessment of their long-term RPS positions. For many retail sellers, the Progress Towards Long-Term RPS Contracting Requirement graph filed with their plan was insufficient to gauge the retail seller's position.

Table 2: Long-Term Procurement

Retail Seller	Commission Finding
Liberty	Must provide a quantitative assessment of its long-term position for current and future compliance periods.
BVES	Must provide a quantitative assessment of its long-term position

Retail Seller	Commission Finding
	for current and future compliance periods.
PacifiCorp	Must provide a quantitative assessment of its long-term position for current and future compliance periods.
Apple Valley Choice Energy	Must provide a clear quantitative assessment of its long-term position for current and future compliance periods. (graph is insufficient to gauge position)
City of Palmdale	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
City of Pomona	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
City of Santa Barbara	Must provide a clear quantitative assessment of long-term position for current and future compliance periods.
Clean Energy Alliance	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
Clean Power Alliance	Must provide a clear quantitative assessment of long-term position for current and future compliance periods.
Lancaster Choice Energy	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
Orange County Power Authority	Provide an update on new contracts executed as a result of the recent solicitation. (Second long-term solicitation)
Pico Rivera Innovative Municipal Energy	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
Rancho Mirage Energy Authority	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
San Diego Community Power	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
San Jacinto Power	Must provide a clear quantitative assessment of long-term position for current and future compliance periods. (graph is insufficient to gauge position)
3 Phases Renewables	Must provide a quantitative assessment of long-term position for current and future compliance periods.
Calpine Power America	Must provide a quantitative assessment of long-term position for individual compliance periods, current and future.
Commercial Energy of CA	Must provide a quantitative assessment of long-term position, including for current CP 4 and future compliance period CP 5.
Pilot Power Group	Must provide a quantitative assessment of long-term position for current and future compliance periods.

Retail Seller	Commission Finding
UC Regents	Must provide a quantitative assessment of long-term position for future compliance periods.

4.2. Portfolio Diversity and Reliability

Under Section 399.13(a)(6)(A), retail sellers are required to discuss portfolio diversity and reliability and how their decisions contribute to grid reliability. Pursuant to the 2022 ACR, Section 6.4, the retail sellers’ “written description should . . . address issues of renewable integration, new resource development risks, under-utilization of existing RPS-eligible generation, increases in transportation electrification, and maximizing ratepayer value.” Today we find most of the CCA and ESP RPS Plans had no or limited supporting information on the impact of transportation electrification load on their portfolio diversity and reliability. Each retail seller must address local transportation electrification adoption trends while planning for portfolio diversity and renewable resource procurement to meet incremental RPS requirements. It is therefore increasingly important for CCAs and ESPs to develop forecasts and load profiles with transportation electrification scenarios, consistent with Ordering Paragraph 3 of D.18-05-026, for RPS planning purposes given that the RPS-eligible share of total procurement is required to grow to 60% by 2030, pursuant to SB 100, and that transportation electrification will be a significant contributor to retail sellers’ incremental load growth.

Table 3: Transportation Electrification

1) Explicitly referencing forecasted transportation electrification, 2) Detailed description of the data and method used to support their forecast, and 3) IEPR comparison	1) Explicitly referencing forecasted transportation electrification, and 2) Detailed description of the data and method used to support their forecast, but no IEPR comparison	Explicitly referencing forecasted transportation electrification, but no detailed methodology or comparison to IEPR	Insufficient or No Analysis
PG&E SCE SDG&E	Valley Clean Energy Alliance	3 Phases Renewable; Constellation NewEnergy; Shell Energy North America; Apple Valley Choice Energy; City of Palmdale; City of Pomona; CleanPowerSF; Clean Energy Alliance; Desert Community Energy; Calpine Power America; East Bay Community Energy; Lancaster Choice Energy; Marin Clean Energy; Pioneer Community Energy; Pilot Power Group; Pico Rivera Innovative Municipal Energy; Redwood Coast Energy Authority; Rancho Mirage Energy Authority; San Diego Community Power; San Jose Clean Energy; San Jacinto Power; Silicon Valley Clean Energy; EDF Industrial Power Services ; Orange County Power Authority; Peninsula Clean Energy; King City Community Power; Liberty; BVES.	Clean Power Alliance; Commercial Energy of CA; Direct Energy Business; Calpine Energy Solutions; UC Regents; PacifiCorp.

5. IOUs' 2022 RPS Plans

The three large IOUs – PG&E, SCE, and SDG&E – report RPS progress at or above the program procurement requirements. For 2021, the IOUs reported the following percentages of their electric load from RPS-eligible resources: PG&E is 36 percent, SCE is 36 percent, and SDG&E is 55 percent.⁶ None of the three large IOUs conducted a 2021 annual RPS procurement solicitation.

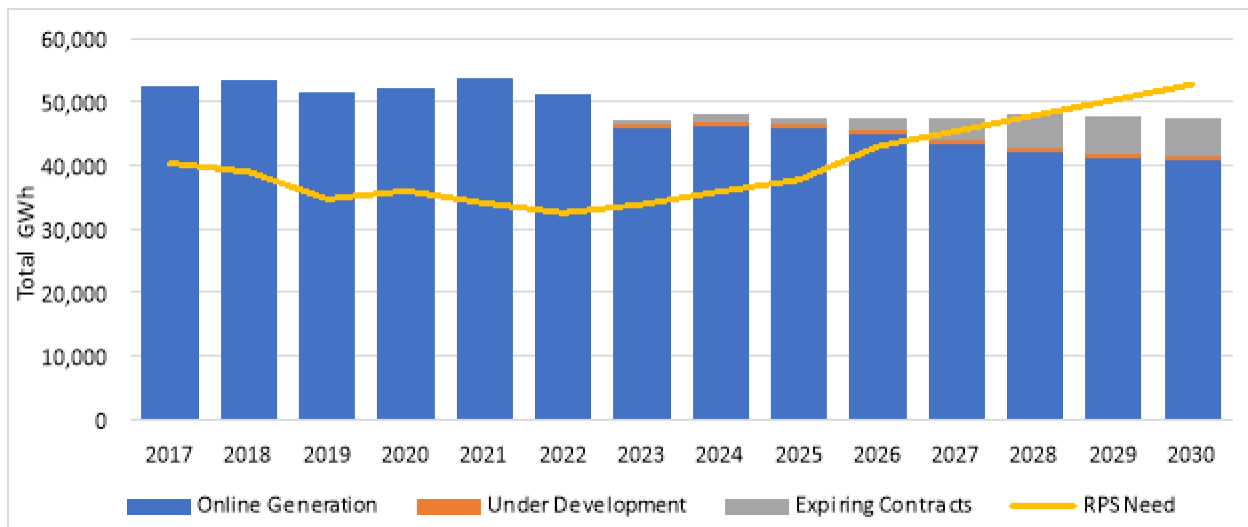
Figure 1 summarizes the large IOUs' actual and forecasted progress toward meeting the 60 percent RPS mandate by 2030. Based on the IOUs' renewables net short reporting,⁷ we expect a need for additional procurement starting in 2028 for the IOUs. However, the first year of the collectively projected shortfall is extended by several years through the forecasted use of excess renewable energy credits (RECs) that have been or will be "banked" as excess procurement.⁸ In 2023, the IOUs' share of retail sales is projected at 83,600 Gigawatt-hours (GWh) which is less than 50 percent of the projected total retail sales at 172,300 GWh, primarily due to IOU customers joining CCAs.⁹ This change, and the associated shift in compliance obligations from IOUs to CCAs, explains how the IOUs' RPS position increases even though their procurement level remains relatively stable.

⁶ IOUs' Renewable Net Short Calculations, Draft 2022 RPS Procurement Plans.

⁷ See 2014 Administrative Law Judge Ruling on Renewable Net Short (RNS) for definitions of RNS Components of Online Generation, Under Development, and Expiring Contracts: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M091/K331/91331194.PDF>.

⁸ See D.17-06-026 Section 3.1.5 for a detailed discussion on excess procurement of RECs which can be applied in later compliance periods. The RECs carried forward are colloquially referred to as the "Bank."

⁹ IOUs' Aggregated Renewable Net Short Calculations, Draft 2022 RPS Procurement Plans.

Figure 1: Aggregated IOU Progress Towards 60% RPS.

The other notable element of the IOUs' RPS Plans is the impact of the VAMO process on the RPS portfolio. Retail sellers have only completed the Voluntary Allocations and are yet to participate in the Market Offer process. GPI states, and we agree, that the VAMO process will provide a pathway for IOUs to redistribute excess RPS energy due to load migration to CCAs and ESPs. GPI also states that the ongoing fluctuations due to load departure between CCAs and IOUs result in RPS planning uncertainty, procurement risk, and increased VAMO volume impacts, among other effects. We expect the IOU's RPS positions to change because of the Market Offer process, however the extent of that change is unknown because the Market Offer is yet to be implemented. The IOUs' RPS positions will become more evident in next year's RPS Plans.

5.1. Comments and Reply Regarding RPS Plans

PG&E states that while the 2022 ACR seeks information concerning the IRP in Draft RPS Plans, utilization of such information provided in Draft RPS Plans in the IRP proceeding is equally essential. PG&E encourages the Commission to resolve IRP and RPS coordination and alignment matters in this

docket. PG&E clarifies that PG&E's Voluntary Allocation process was offered to all eligible retail sellers.

SBUA filed comments seeking clarification on specific issues in the IOUs' RPS Plans. SBUA requests that PG&E's and SCE's Draft 2022 RPS Plans be updated to explain the discrepancy between the 2019 RPS Plan and the Draft 2022 RPS Plans. It states that PG&E does not "provide a timeline for compliance with [General Order (GO)] 156" and requests that the IOUs provide appendices explaining their GO 156-related outreach. It further states that SDG&E does not describe its outreach efforts to eligible businesses and SCE does not describe how it intends to "encourage" participation.

Regarding transmission capacity, SBUA states that PG&E's RPS Plan is not as specific as other IOUs' RPS Plans and requests further clarification concerning whether transmission poses a barrier to the RPS' goal. SBUA seeks clarification from PG&E and SDG&E on contract termination criteria pursuant to its RFI activities. Finally, it states that PG&E should address RPS Compliance uncertainty that may arise from its own climate goals.

In its reply to SBUA's comments, PG&E states that regulatory conditions in 2019 markedly differ from those in 2022. It further states that it has explained the discrepancy of assumptions between its 2019 RPS Plan and its Draft 2022 RPS Plan arising from the impact of the VAMO process, Mid-Term Reliability (MTR) solicitations, and resource needs for its Green Tariff Shared Renewables (GTSR) customers. SCE opposes SBUA's comments and states that it fully explained the change from the 2019 RPS Plan in its 2021 RPS Plan and in its 2022 RPS Plan. SCE asserts that it has explained in its Draft 2022 RPS Plan that its need to procure resources is due to the implementation of the VAMO process and the IRP Decision. Similarly, in its response, SDG&E states that its request to

undertake near-term procurement is based on its RNS analysis, VAMO process, IRP procurement scenarios, and ongoing load departure. It further states that while it is early to state any lessons learned, as requested by SBUA, it is amenable to discuss these findings in its future RPS Plan.

Regarding compliance with GO 156, PG&E and SCE both assert that the Supplier Diversity Annual Report and the Annual Report to the Commission's Executive Director are the appropriate venues to address any concerns. SCE states that it has provided Public Appendix I.1 as part of its RPS Plan with its 2022 Procurement Protocol, in which SCE encourages Diverse Business Enterprises to participate in the RPS Solicitation, and provides a link to SCE's website with information on SCE's Supplier Diversity Program. In its reply comments, SDG&E summarizes the protocols it follows to do business with diverse suppliers.

In response to SBUA's comments regarding transmission capacity, PG&E states that transmission does not pose a near-term challenge for PG&E to meet its RPS program compliance requirements.

Regarding contract termination, PG&E clarifies that it is utilizing the same structure and evaluation process that was in place for the RFI held in 2022, for its next RFI process to be held in 2023. PG&E states that it will evaluate proposals based on Net Market Value to provide net benefit value to customers. SDG&E opposes SBUA's comments and states that its draft RPS Plan had a section explaining the RFI process. SDG&E further states that Appendix 16 of its RPS Plan explains the responses to the RFI. SDG&E states that all interests received from the RFI solicitations are subject to evaluation to ensure benefit to ratepayers and SDG&E's compliance with the RPS requirements.

Finally, in response to SBUA's comments about PG&E's RPS Compliance uncertainty that may arise from its own climate goals, PG&E states that in the future it intends to incorporate its voluntary greenhouse gas reduction goals into its RPS Plans.

5.2. PG&E's Draft 2022 RPS Plan

PG&E's Draft 2022 RPS Plan contains each of the elements required in Table 1 of the 2022 ACR. The following sections primarily address key issues in PG&E's Plan that require Commission approval. Regarding the other requirements, PG&E's draft Plan contains the required elements.

PG&E's Draft 2022 RPS Plan is approved with modifications. We approve PG&E to use its RPS "bank" to achieve compliance with its RPS obligations through 2028.¹⁰ Additionally, PG&E may hold solicitations to buy RPS products and/or sell RPS volumes and issue an RFI during the 2022 RPS Plan Cycle.

PG&E shall update its final RPS Plan with up-to-date information from the VAMO process and mid-term reliability procurement requirements.

5.2.1. PG&E's Bank Usage to Meet Compliance through 2028 and Procurement Needs

PG&E states that it will be physically short¹¹ of its RPS requirement beginning in 2023. PG&E attributes this shortfall to its projections of allocating and selling renewable resources under the VAMO process¹² and using its existing renewable resources to meet the needs of its GTSR Program.¹³

¹⁰ RPS Bank comprises pre-2023 RPS procurement that was above PG&E's bundled service customer annual compliance targets.

¹¹ PG&E is physically short when its annual RPS-eligible generation is less than its annual compliance requirement. See Footnote 24 PG&E Draft 2022 RPS Plan at 17.

¹² See D.21-05-030 that requires IOUs to hold an RFI process to identify sellers interested in contract termination or assignment to other LSEs and allocate to departed load a proportional share of the RPS position through a VAMO mechanism to commence with 2023 deliveries.

¹³ See D.21-12-036 resolving PG&E's emergency petition to modify its GTSR Program. D.21-12-036 authorized PG&E to utilize a Borrowed GTSR Pool of RPS resources through 2024

Based on its assumptions, PG&E proposes to rely on its pre-2023 RPS procurement that was above PG&E's bundled service customer annual compliance targets (excess procurement or bank) to meet RPS Compliance starting in 2023 up until 2029, at which point PG&E forecasts that it will have an RPS procurement need.¹⁴

PG&E intends to utilize its RPS bank in the form of compliance instruments purchased through bundled service customer rates established in the annual Energy Resource Recovery Account (ERRA) forecast proceeding through 2028.

PG&E requests that the Commission authorize RPS procurement activities to provide PG&E with the flexibility to plan for RPS compliance obligations and to meet emerging procurement needs with RPS-eligible resources. PG&E states that under MTR needs pursuant to solicitations ordered in D.21-06-035, Requiring Procurement to Address Mid-Term Reliability (2023-2026) (IRP Decision), PG&E is responsible for 2,302 Megawatts of procurement. PG&E further states that its 2,302 megawatt (MW) procurement requirement includes both 500 MW of zero-emitting resources to be online by June 1, 2025, and 200 MW of firm zero-emitting resources to be online by June 1, 2026. PG&E states that it seeks to procure new RPS-eligible resources pursuant to its MTR requirement, with deliveries of approximately 4,000 GWh per year once all

D.21-12-036 authorized PG&E to utilize a Borrowed GTSR Pool of RPS resources through 2024 to serve GTSR customers due to a shortfall in dedicated supply to satisfy PG&E's customer enrollments in its GTSR Program, up to but not to exceed, 176.15 MW.

¹⁴ PG&E Draft 2022 RPS Plan at 17.

projects are operating, to mitigate the impact of VAMO by adding to its bundled service customers' RPS position.¹⁵

PG&E's RPS portfolio consists of over 7,000 MW of projects that are either online or under development.¹⁶ PG&E asserts that its forecasted RPS need is subject to considerable uncertainty arising from several factors, such as uncertainty regarding the outcome of VAMO implementation; the outcome of midterm reliability; additional mandated procurement (*e.g.*, for reliability purposes, procurement ordered via the IRP proceeding, etc.); increased customer departure to Community Choice Aggregators (CCA); customer return, or forecasted CCA formation not materializing; new laws increasing RPS or greenhouse gas-free requirements, and PG&E's voluntary climate goals.¹⁷

PG&E states that to begin procuring additional RPS resources it could hold at least one RPS solicitation for the procurement of short- and/or long-term RPS during its 2022 RPS Plan cycle for resources with online dates ahead of PG&E's need year and for an amount that is calculated based on the volume needed and years until the procurement is needed.¹⁸

A change in either of PG&E's assumptions, such as either low participation or a 100 percent uptake in the Market Offers or unsuccessful MTR solicitation could impact RPS compliance needs. We agree with PG&E that these ongoing activities make this RPS Plan cycle unique and presents some uncertainty about the years in which PG&E will have an RPS need year before running a 2023 solicitation.

¹⁵ PG&E Draft 2022 RPS Plan at 4.

¹⁶ PG&E Draft 2022 RPS Plan at 13.

¹⁷ PG&E Draft 2022 RPS Plan at 28.

¹⁸ PG&E Draft 2022 RPS Plan at 22.

We find it reasonable to approve PG&E's proposal to conduct a RPS solicitation to buy incremental RPS-eligible products during the 2022 RPS Plan cycle, given PG&E's proposed sales framework assumptions and current RPS compliance position, IRP's mid-term reliability procurement, VAMO implementation, and PG&E's Excess Procurement Bank size.

PG&E shall update its final 2022 RPS Plan filing based on more current information, primarily from PG&E's Phase 2 Mid-Term Reliability Request for Offers (RFO) and any updated information resulting from the VAMO process.¹⁹

As variability in key factors changes, so will the need to change the minimum size of its RPS bank to maintain future compliance success. Therefore, PG&E should maintain its banked REC's above the procurement quantity requirement.

PG&E shall seek Commission approval of any RPS contracts consistent with existing procedures. Such procurement requests shall describe any relationship to PG&E's MTR requirements or other CPUC directed procurement.

5.2.2. PG&E's RPS Sales Framework – Sale of RPS Volumes

PG&E seeks approval to issue up to three solicitations for short-term sales of RPS products during the 2022 RPS Plan cycle. PG&E states that it anticipates selling short-term products, which PG&E defines as contracts of one or two years in duration.²⁰

PG&E states its assumption that it will only retain 100 percent of its allocated share subject to VAMO and all other volumes will either be allocated or sold through the Market Offer process. Therefore, it is assuming a 100 percent

¹⁹ See Footnote 5 in PG&E Draft 2022 RPS Plan at 6.

²⁰ PG&E Draft 2022 RPS Plan at 90.

success rate such that all of the remaining RPS resources will be sold in the Market Offer process from its RPS portfolio.

PG&E states that while it currently forecasts a short 2023 and 2024 RPS position if VAMO is successful, the outcome of Voluntary Allocation acceptance and subsequent Market Offer transactions is unknown. PG&E argues that if the VAMO process does not result in the disposition of departing load's share of PG&E's RPS resources that are eligible for Voluntary Allocations and/or Market Offer transactions, PG&E's bundled service customers may be left with RPS energy in excess of PG&E's 2023 and 2024 RPS targets. PG&E thus proposes a REC sales framework to provide itself the flexibility to sell RPS volumes for 2023 and 2024 deliveries if the VAMO process does not result in a more balanced portfolio without significant excess.

PG&E proposes an updated RPS Sales Framework to assess short-term sales opportunities. PG&E states that its sales solicitation protocol is largely unchanged from the protocol approved in the 2021 RPS Plan cycle. PG&E further states that short-term sales agreements resulting from a solicitation, with any necessary modifications, will be filed as Tier 1 Als for Commission approval.

As stated above there is uncertainty around the outcome of VAMO in this RPS cycle, with that in consideration, we find that PG&E's request for options to manage its portfolio is reasonable. Allowing PG&E to sell its excess RPS volumes would help lower costs for its bundled customers and improve customer affordability while maintaining RPS compliance. Thus, we find PG&E's RPS sales framework is reasonable and should be approved.

5.2.3. RFI for Contract Assignments and Contract Modifications.

PG&E states that, as directed by D.21-05-030, it will hold an RFI to reduce excess and/or uneconomic resources. Upon review, we find it reasonable for PG&E to issue another RFI in the 2022 RPS cycle because the RFI solicitation will enable PG&E to further optimize its renewable energy portfolio.

5.2.4. PG&E's Proposals to Modify its Procurement Pro Forma Agreements

PG&E states that it intends to update the procurement pro forma agreement to accommodate the execution of a Portfolio Content Category (PCC) 2 RPS product (short-term contracts), if needed. PG&E states that agreements resulting from a solicitation, with any necessary modifications, will be filed in a Tier 1 AL for Commission approval.²¹ For long-term procurement, PG&E plans to modify its pro forma agreement to be in line with the RPS term sheet PG&E used in its MTR RFO Phase 2 solicitation.²² PG&E states that its modified pro forma will propose that the seller will assume the role of scheduling coordinator. It further states that agreements resulting from a solicitation, with any necessary modifications, will be filed in a Tier 3 AL for Commission approval.²³

While PG&E provided the background information on its proposed revisions to pro forma agreements, it did not submit the actual revisions. PG&E plans to file Tier 1 and Tier 3 Advice Letters to seek Commission approval for these short-term pro forma and long-term pro forma revisions, respectively.

Since PG&E is seeking flexibility to conduct RPS eligible procurements in the 2022 cycle we find it reasonable to review and approve associated pro forma

²¹ PG&E Draft 2022 RPS Plan at 89.

²² PG&E Draft 2022 RPS Plan Appendix N.10.

²³ PG&E Draft 2022 RPS Plan at 89.

agreements as part of the RPS Plan. Submitting ALs later in the year to seek approval of revised pro forma agreements delays the review and approval process and is an inefficient use of Commission resources. Reviewing pro forma agreements as part of the RPS Plan is efficient because we review this information as a whole and not as piecemeal agreements. Should PG&E determine a need to procure during the 2022 RPS Plan cycle, PG&E should file its modified pro forma agreements with *only* the proposed revisions described within its Final 2022 RPS Procurement Plan or PG&E should use previously approved pro forma agreements as submitted with PG&E's Draft 2022 RPS Plan.

5.3. SCE's Draft 2022 RPS Plan

SCE's Draft 2022 RPS Plan contains each of the elements required in Table 1 of the 2022 ACR. SCE is authorized to hold an RPS procurement solicitation to meet any shortfalls in the event it is unable to meet all its RPS and/or MTR requirements through its planned IRP solicitations. SCE may also sell RECs and issue an RFI as proposed in its Draft 2022 RPS Plan. This decision authorizes SCE to update its pro forma RPS Power Purchase Agreement (PPA) as proposed in its Draft 2022 RPS Plan. SCE shall update its final 2022 RPS Plan with up-to-date information resulting from the VAMO process.

5.3.1. SCE's Forecasted Short RPS Position and Proposed Procurement Solicitation

SCE states that it did not hold an RPS procurement solicitation between 2016 and 2021. It states that between 2021 through June 2022, it has signed renewable contracts for its GTSR customers. Moreover, SCE states it may hold an RPS procurement solicitation in September 2022.²⁴

²⁴ SCE Updated Draft RPS Plan at 11 (Citing authority granted in D.22-01-004, Ordering Paragraph (OP) 7).

SCE forecasts a net short position starting in 2023 without the use of the RPS bank. SCE forecasts a net long position through the end of CP 5 (2025-2027) with the use of the RPS bank. In its Draft 2022 RPS Plan, SCE determined its expected renewable procurement need by comparing its forecasted RPS targets to its forecasted energy deliveries from contracted projects.

SCE requests the option to hold an RPS procurement solicitation to meet any shortfalls in the event it is unable to meet all its RPS and/or MTR needs pursuant to solicitations under the IRP Decision. SCE states that its need for new RPS-eligible resources for IRP compliance is substantially greater than its need for RPS-eligible resources for RPS compliance starting in CP 5 (2025-2027), under presently expected Power Charge Indifference Adjustment (PCIA) allocation assumptions. SCE intends to proceed with one or more MTR solicitations to begin procuring new eligible renewable resources under long-term contracts that can come online between 2024 through 2026 to deliver, cumulatively, 300 GWh in 2024, 300 GWh in 2025, 900 GWh in 2026, and 200 GWh in 2027 for a total of 13,700 GWh. It states that its MTR solicitation to procure resources to come online in 2023 and 2024 is currently underway and it may still be in the process of procuring for 2023 and 2024 when it launches an MTR solicitation to procure resources to come online in 2025 and 2026.

In D.22-01-004, we authorized SCE to procure new RPS resources to meet its RPS requirements, as well as to meet its procurement targets for 2023 through 2026 pursuant to the IRP Decision. It is reasonable for SCE to continue this renewable portfolio optimization strategy throughout 2023. Allowing SCE to count its RPS-eligible MTR procurement towards RPS compliance is a step toward coordinating procurement activities across RPS and IRP proceedings. As noted above, SCE's solicitation to procure resources to meet its 2023 and 2024

IRP targets is underway. As the IRP contracting progresses, we expect SCE to review its RPS portfolio to determine its compliance position after accounting for these new resources. If SCE determines that an RPS solicitation or bilateral contracts are needed during the time covered by the 2022 RPS Plan cycle, SCE may hold an RPS procurement solicitation to meet its RPS compliance needs.

5.3.2. SCE's Plan to Sell RPS Volumes

SCE requests authority to conduct REC sales consistent with approval granted in its 2021 RPS Plan by maintaining a 100 percent and 95 percent confidence level of compliance in CP 4 (2021-2024) and CP 5 (2025-2027), respectively. SCE argues that it has accumulated a large REC bank (22,934 GWh at the start of 2023) and has received authority to continue REC sales when such sales are consistent with maintaining a high level of confidence in meeting SCE's RPS goals. SCE proposes to sell PCC 1 RECs (RECs and energy) related to its Bioenergy Renewable Auction Mechanism (BioRAM) contracts, as directed in D.18-12-003.²⁵ SCE states that, even with implementing the VAMO Decision and the sale of additional RECs in CP 4 (2021-2024), SCE will maintain confidence levels of 100 percent and 95 percent for meeting its RPS CP 4 and CP 5 targets, respectively.²⁶ Further, SCE notes that selling RECs during CP 4 at a higher price than it may be able to procure them in future years for CP 5 will provide rate stabilization.²⁷ SCE contends that when it is considering whether to engage in sales of renewable energy products, it compares the value obtained from selling RECs to the costs of having to procure additional renewable energy in the future.

²⁵ SCE Draft 2022 RPS Plan at 37.

²⁶ SCE Draft 2022 RPS Plan at 15, 37.

²⁷ SCE Draft 2022 RPS Plan at 79. SCE estimates it will have 22,934GWh in its REC bank at the start of 2023.

SCE argues that selling RPS products is better than banking up to the established limits.

Regarding bilaterally negotiated REC sales agreements, SCE states that, if these transactions have terms extending beyond 2024, they would be subject to the Commission's review and approval of completed transactions through a Tier 3 AL process.

We agree with SCE's overall approach to appropriately balance the risks and costs of selling renewable energy products with the risks and costs of maintaining an RPS bank.²⁸ We find merit in a combination of approaches that allows long-term and short-term RPS procurement as well as simultaneous short-term sales, which will allow SCE to realize the incremental value to its customers while allowing retail sellers to build more cost-effective portfolios for their customers. Therefore, SCE's request to continue to engage in short-term REC sales is reasonable.

5.3.3. RFI for Contract Assignments and Contract Modifications.

SCE states that, as directed by D.21-05-030, it will hold an RFI to reduce excess and/or uneconomic resources. We find it is reasonable for SCE to issue another RFI in the 2022 RPS cycle because the RFI solicitation will enable SCE to further optimize its renewable energy portfolio.

5.3.4. SCE's Proposal to Modify its Pro Forma Power Purchase Agreement

SCE seeks authority to use its proposed 2022 pro forma Renewable PPA for RPS procurement solicitations. SCE states that its proposed pro forma Renewable PPA aligns with its current technology neutral Pro Forma contract,

²⁸ SCE 2022 Draft RPS Plan at 81.

which SCE used in its midterm reliability solicitation. SCE states that the PPA will have the following provisions:

- Attachment 1 includes additional information, provisions, and obligations of Seller and Buyer related to the renewable facility.
- Attachment 2 includes technical specifications of the renewable project and equipment.
- Attachment 3 includes certain commercial terms that entirely moved from the Base PPA to this Attachment.

SCE further states that it has deleted certain provisions related to products that will not be procured in the 2022 RPS Plan cycle, such as configurations for behind-the-meter projects, energy efficiency, demand response, tolling or non-tolling energy storage, put options, hybrid resources, products related to distribution deferral and provisions related to Local Resource Constrained Days. SCE states that it expects to procure most, if not all, of the RPS resources required to meet its midterm reliability requirements through the authority given under the IRP Decision. SCE contends that it deleted these provisions because it plans to procure the related products under the IRP Decision, if needed, rather than this RPS Plan.

We find SCE's 2022 PPA is based on the technology neutral pro forma contract approved by the Commission in Resolution E-5004 for contracting for in-front-of-the-meter renewable energy resources. The revised PPA is based on provisions consistent with SCE's MTR solicitations for new projects to achieve commercial operation in 2023 and 2024. Given the fact that SCE plans to procure only in-front-of the meter resources that are RPS eligible it is logical to use the revised PPA. Therefore, we grant SCE approval to use revised PPA to procure RPS eligible resources.

5.4. SDG&E' Draft 2022 RPS Plan

SDG&E's Draft 2022 RPS Plan contains each of the elements required in Table 1 of the 2022 ACR.

Upon review, we find SDG&E is authorized to conduct an RPS procurement solicitation and optional RPS sales solicitations, if needed to balance its portfolio. Additionally, SDG&E is authorized to hold an RFI in the 2022 RPS cycle pursuant to D.21-05-030.

5.4.1. Request to Procure RPS Eligible Resources

SDG&E seeks approval for optional RPS procurement. SDG&E states that the cumulative impact of departing load and the VAMO process could result in it being in a short position. SDG&E contends that a reduction in SDG&E's RPS portfolio assumes that CCAs and ESPs in its territory will either accept 100 percent of their voluntary allocation, or that all unallocated amounts will be sold in the Market Offer process.

~~Based on its current RPS generation forecast~~ As part of SDG&E's conforming RNS modeling, SDG&E anticipates being short in the near future. Nonetheless, SDG&E anticipated meeting its RPS requirements for each compliance period through 2032 using: (1) its portion of the RPS portfolio, after impacts of the VAMO process are considered; (2) by procuring new renewable resources either through a competitive solicitation or bilaterally, as needed; or (3) by leveraging the bank. ~~However, as part of its conforming renewable net short modeling, SDG&E anticipates being short in the near future.~~ SDG&E further states that it seeks an option to hold procurement solicitations if its projected resources, such as geothermal or RPS-eligible hybrid resources, are unable to deliver.

Given the uncertain final impact of VAMO and the impact of departing load, SDG&E's desire to have flexibility in optimizing its portfolio has merit. It is reasonable to grant optional procurement. For procurement activities, any solicitation must be subject to the volumetric cap identified in SDG&E's Draft 2022 RPS Plan.

5.4.2. RPS Sales Framework

Regarding RPS Sales, SDG&E also requests optional authorization to sell RPS volumes in accordance with SDG&E's RECs Sales Framework to further optimize SDG&E's portfolio and to provide benefits to customers, if necessary, while maintaining RPS compliance.

SDG&E states that appropriate price thresholds of any potential sales opportunity will be dependent upon the results of SDG&E's quantitative and qualitative evaluation at the time of the transaction, and its reasonableness will be determined by the Commission as it acts on SDG&E's advice letter requesting approval of the transaction.

Given that there is uncertainty on how much RPS-eligible resources will remain in SDG&E's RPS portfolio after the VAMO cycle, we find it is reasonable for SDG&E to have the option to consider, via qualitative and quantitative assessment, whether it wants to sell RPS resources or bank them. If the market is favorable and there is opportunity to sell excess RPS resources as an economically beneficial option for the customer, then it is reasonable for SDG&E to sell the excess resources. Therefore, we authorize SDG&E to sell RPS volumes in accordance with SDG&E's RECs Sales Framework to further optimize its portfolio.

In accordance with D.22-01-004, SDG&E submitted final versions of its short- and long-term procurement PPAs, bundled and unbundled pro forma

sales contracts, including a pro forma contract specific to BioRAM REC sales, and its RPS sales framework.

We find SDG&E's supporting PPAs, and pro forma contracts reasonable and should be approved.

5.4.3. RFI for Contract Assignments and Contract Modifications

In D.21-05-030, we directed SDG&E to optimize its RPS portfolio, specifically utilizing an RFI process for Contract Assignments and Contract Modifications to right-size its supply portfolio.²⁹ SDG&E's RFI process from the 2021 RPS Plan cycle is underway, and the negotiations are ongoing. SDG&E seeks approval to issue another RFI outreach in the 2022 RPS Plan cycle.

SDG&E states that to reduce excess and/or uneconomic resources, as directed by D.21-05-030, SDG&E held a RFI process in 2021 RPS cycle with its supplier counterparties and market participants to determine interest in contract assignments or other contractual structures to optimize SDG&E's RPS portfolio. It further states that resulting contracts, if any, from the RFI process will be submitted for Commission approval via a Tier 3 AL.

It is reasonable for SDG&E to issue another RFI in the 2022 RPS cycle as directed in D.21-05-030. In addition to the ongoing Market Offer process, the RFI solicitation will enable SDG&E to gather information and gauge the interest of market participants (third parties) who are interested in contract arrangements for eligible renewable energy from its portfolio.

5.5. Other Issues

Regarding SBUA's comments that large utilities should provide appendices explaining their outreach methods to GO 156-targeted entities, we

²⁹ D.21-05-030, OP 6, at 65-66.

find that the IOUs have met the requirement set in the 2022 ACR. We agree with PG&E and SCE that the Draft 2022 RPS Plans are not the appropriate venue to enforce the provisions of GO 156-related outreach methods. SBUA should raise concerns regarding the IOUs' lack of planning and outreach in the IOUs' Annual Report to the Commission's Executive Director, which the IOUs file in compliance with GO 156.

Regarding coordination between the RPS and IRP proceedings, we appreciate the party comments, and the Commission will address streamlining the filings and coordination issues in the future.

6. SMJUs

SMJUs make up a small share of California's energy market.³⁰ Upon review of the Draft 2022 RPS Plans, the Commission finds that the three SMJUs (BVES, PacifiCorp, and Liberty, collectively) need to procure more RPS eligible renewables beginning in 2023 to meet their respective RPS requirements (*See* Figure 2).

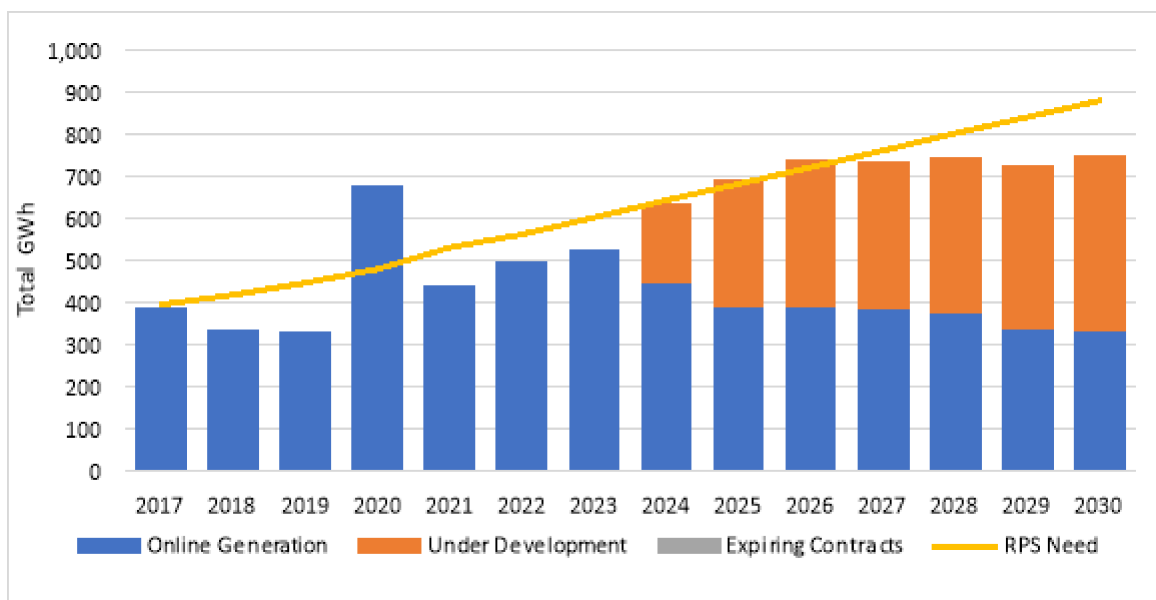
The RPS procurement requirements for SMJUs are different from those for the large IOUs. The RPS statute allows these utilities to meet their RPS procurement obligations without regard to the Portfolio Balance Requirement established in Section 399.16.³¹ The Portfolio Balance Requirement is designed to ensure that most renewable energy procurement takes the form of in-state generation, rather than pure compliance instruments such as unbundled RECs. Given their near-term need for RPS-compliant resources, the Commission

³⁰ SMJUs' load in 2021 was roughly 1,500 GWh, or 1 percent of the total Commission-regulated retail load based on an Energy Division staff analysis of aggregated LSE 2022 RNS templates, as submitted in their draft 2022 RPS Plans.

³¹ Pub. Util. Code § 399.17(b). The PBR limitations in Section 399.16 are explained in D.11-12-052, §§ 3.5-3.7.

continues to encourage SMJUs to consider early procurement of resources rather than last-minute unbundled REC purchases.

Figure 2: Aggregated SMJU Progress Towards 60% RPS



In this section, we discuss the SMJUs' Draft 2022 RPS Plans and direct specific modifications to each, as necessary.

6.1. BVES' Draft 2022 RPS Plan

The Commission approves the Draft 2022 RPS Plan filed by BVES with modifications described below. These modifications concern BVES': (1) reconciliation of figures in the RNS template with the compliance narrative; (2) portfolio supply and demand; (3) long-term procurement; (4) risk assessment; (5) transportation electrification load forecasting; and (6) implementation of SB 255.

6.1.1. BVES' Portfolio Supply and Demand, Long-Term Procurement, and Risk Assessment

The Commission finds that BVES' narrative summary of its portfolio management strategy does not align with the quantitative analysis provided in its RNS template. In its Draft 2022 RPS Plan, BVES states that it forecasts meeting

compliance targets through 2023 and beyond.³² However, this is not a correct reflection of the values shown in BVES' RNS. Therefore, BVES must update its narrative to indicate that it currently lacks sufficient supply to meet current and future compliance period obligations.

Furthermore, in its final plan, BVES must provide the following information to meet the requirements of the 2022 ACR: (1) BVES must provide an update on its procurement activities or indicate how it will mitigate upcoming compliance risk in the event its February 21, 2022 RFP or efforts to develop a solar plus storage facility are not successful; (2) BVES must include a quantitative analysis of its long-term procurement position for the current compliance period and future compliance in its Final 2022 RPS Plan; and (3) BVES must include a full risk assessment discussion, including all subsections outlined in the 2022 ACR (Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned) and discuss severity of risk (high, medium, and low) in the Compliance Risk subsection.

6.1.2. BVES' Transportation Electrification Forecast

In D.18-05-026, the Commission required all retail sellers to explicitly reference forecasted transportation electrification in their RPS Plans; provide a detailed description of the data and method used to support their forecast; and explain how they considered the California Energy Commission's (CEC's) Integrated Energy Policy Report (IEPR) transportation electricity demand forecast in creating their own forecast.³³

³² BVES Draft 2022 RPS Plan at 16.

³³ D.18-05-026 at OP 3.

In its Draft 2022 RPS Plan, BVES merely mentions that transportation electrification informs its load forecast.³⁴ Therefore, to comply with D.18-05-026, BVES must provide further discussion of how BVES forecasts transportation electrification load and compares it to the CEC's IEPR forecast in its Final RPS Plan.

6.1.3. BVES' Implementation of SB 255

The 2022 ACR required retail sellers to summarize how their plans comply with SB 255 and address supplier diversity. However, BVES' Draft 2022 RPS supplement did not discuss its implementation of SB 255. Therefore, the Commission directs BVES to explain how it is implementing supplier diversity pursuant to SB 255.

6.2. Liberty's Draft 2022 RPS Plan

The Commission approves Liberty's request to implement a long-term REC procurement strategy to acquire PCC 3 RECs up to three years in advance, and to otherwise meet RPS compliance through its existing, utility-owned Luning and Turquoise solar resources and banked RECs.

Liberty is excluded from the PCC requirements and can meet its RPS compliance exclusively with PCC 3 RECs, if necessary. In its Draft 2022 RPS Plan, Liberty specifically proposes to, in a given year, be granted authority to buy up to 100% of the current year's, 75% of the following year's, 50% of the third year's, and 25% of the fourth year's RPS procurement obligation.³⁵ Liberty's proposed RPS compliance hedging strategy is designed to offset any increase in the cost of PCC 3 RECs over time, until its Luning Solar facility expansion is online and generating power and RECs.

³⁴ BVES 2022 Draft RPS Plan at 12.

³⁵ Liberty Draft 2022 RPS Plan at 7.

Liberty submits that its overall plan for RPS procurement is expected to exceed SB 100 RPS mandates, ensuring continued compliance with the RPS program.³⁶ Liberty states that the majority of its RPS requirements will be met with output from Luning and Turquoise and the future Luning Expansion Project. Any additional procurement necessary for RPS compliance will be met with PCC 3 REC purchases.

The Commission approves the Draft 2022 RPS Plan filed by Liberty with modifications described below. These modifications concern Liberty's: (1) long-term contracting; (2) voluntary margin of over-procurement (VMoP); (3) Risk Assessment; (4) transportation electrification load forecasting; (5) PDSU; and (6) implementation of SB 255.

6.2.1. Liberty's Long-Term Contracting

The Commission finds several omissions in Liberty's Draft 2022 RPS Plan. First, Liberty does not provide a quantitative assessment of its long-term contracting compliance forecast. Second, Liberty suggests that its expansion of the Luning Solar Project will support its future RPS compliance but does not provide a contingency strategy to remain in compliance if the project is not approved by the Commission as proposed or otherwise does not achieve an early 2024 online date.³⁷ Therefore, Liberty must include further discussion of the following issues in its final 2022 RPS Plan: (1) how Liberty is positioned to quantitatively meet long-term procurement obligation for current and future compliance periods; and (2) how Liberty could comply with its long-term RPS

³⁶ Liberty Draft 2022 RPS Plan at 6.

³⁷ Liberty Draft RPS Plan at 2. A.21-04-006 proposes a 60 MW expansion of the Luning Solar Project and the addition of a 240 MWh storage facility at the site.

procurement requirements if its Luning Solar Project expansion is not approved as proposed in Application (A.) 21-04-006.

6.2.2. Liberty to Describe Its VMOP

Based on the review of Liberty's Draft 2022 RPS Plan and supporting documents, the Commission finds that Liberty's narrative plan does not describe its VMoP included in its RNS spreadsheet. Therefore, Liberty must clearly describe its VMoP in its Final 2022 RPS Plan.

6.2.3. Liberty to Provide a Compliance Risk Severity Analysis

The Commission finds that Liberty's Draft 2022 RPS Plan does not provide a severity analysis of compliance risk (high, medium, or low) in the risk assessment section as required by the 2022 ACR. Moreover, Liberty's plan does not provide a description of how Liberty plans to comply with its RPS obligations if the existing contracted generation resources underperforms or its load increases. Therefore, in its Final 2022 RPS Plan, Liberty must: (1) provide a severity analysis (high, medium, and low) of compliance risks in the Risk Assessment section; and (2) explain how Liberty plans to comply with its RPS obligations if its existing renewable contracts have lower-than-expected generation or if it faces unexpected increases in retail sales.

6.2.4. Liberty's Transportation Electrification Forecast

In D.18-05-026, the Commission required all retail sellers to explicitly reference forecasted transportation electrification in their RPS Plans; provide a detailed description of the data and method used to support their forecast; and explaining how they considered the CEC's IEPR transportation electricity demand forecast in creating their own forecast. Liberty merely mentions that transportation electrification informs its load forecast. Therefore, to comply with

D.18-05-026, Liberty must include in its Final 2022 RPS Plan further discussion of its forecasting methodology and a comparison to the CEC's IEPR.

6.2.5. Liberty's Project Development Status Update Template

The 2022 ACR Section 6.5 requires that all retail sellers report the projects "currently under contract (or retail seller-owned)" and in the "pre-construction ... phase." In order to meet the requirements of 2022 ACR, Liberty must include the Luning Expansion project in the PDSU template. Liberty stated that "Liberty conducted an initial solicitation in September 2020 for engineering, procurement, and construction (EPC) services and plans to take on the role of project developer itself..."³⁸ Therefore, we conclude that the Luning Expansion project is in the pre-construction phase and therefore must be included in the PDSU template.

6.2.6. Liberty's SB 255 Implementation

Section 6.3 of the 2022 ACR required retail sellers to summarize how their plans comply with SB 255 among other legislative and regulatory changes. In its Draft 2022 RPS Plan, Liberty states that it will comply with the recent changes to GO 156 which reflect the SB 255 program. Therefore, the Commission directs Liberty to submit more detailed information in its future filings as Liberty makes progress in implementing SB 255.

6.3. PacifiCorp's Draft 2022 RPS Plan

The Commission approves PacifiCorp's off-year 2022 supplement with modifications described below. These modifications concern PacifiCorp's: (1) ~~local and regional policies; (2) long-term procurement position and any associated potential compliance delays;~~ (3) Procurement Quantity Requirement need for CP 4; ([42](#)) incorporation RNS figures in the compliance narrative; ([53](#))

³⁸ Liberty Draft 2022 RPS Plan at 16-17.

transportation electrification load forecasting; [\(64\)](#) implementation of SB 255; [\(75\)](#) risk assessment; and [\(86\)](#) MMoP analysis.

PacifiCorp follows a different schedule from other retail sellers and is required to file its Integrated Resource Plan and IRP supplement in accordance with the 2022 ACR.³⁹ For 2022, PacifiCorp must file an off-year supplement that provides information as directed in Section 6.1-6.12 and 6.14-6.15 of the 2022 ACR.

PacifiCorp's off-year supplement, which was filed on July 1, 2022, provides an RPS compliance strategy that is similar to its on-year supplement filed in 2021, but PacifiCorp has provided additional information and aligned with the formatting requirements established in the 2022 ACR. PacifiCorp states that it intends to meet its RPS program requirements using existing eligible renewable energy and RECs procured within PacifiCorp's system, consistent with PacifiCorp's integrated system planning for its multi-state service territory and overall system operation, or RECs procured through solicitations seeking current-year vintage unbundled RECs in 2021 and future years.⁴⁰

6.3.1. PacifiCorp's Compliance Planning, Long-Term Compliance, and Potential Compliance Delays

~~PacifiCorp did not include any information about local or regional policies and their impact on its RPS compliance planning in its 2021 on-year IRP supplement or 2022 off-year IRP supplement.~~ While PacifiCorp provided notice that it complied with the 65 percent long-term procurement requirement early in

³⁹ D.08-05-029 directed how PacifiCorp is to comply with the annual RPS Plans requirements, including allowing filing of its IRP to count towards the requirement. That decision does not set a specific date for PacifiCorp's filing deadline, however, nor does D.11-04-030, which set an RPS Plans filing date for PacifiCorp's non-IRP years.

⁴⁰ PacifiCorp 2022 Off-Year Supplement to its 2021 Integrated Resource Plan at 6.

the prior compliance period and states that it will maintain the 65 percent long-term procurement threshold for the current compliance period, it did not provide a quantitative assessment of its long-term procurement position for the current and future compliance periods as required by D.~~21-01-004~~22-01-004.

PacifiCorp suggests that its compliance risks are largely associated with government policies in California and Washington State, and potential changes in load and transmission infrastructure availability. Its filing suggests these compliance risks create uncertainty in predicting the scope, timing, and cost impact of compliance with emissions reduction and renewable energy policy targets.⁴¹ PacifiCorp's filing, however, fails to connect its off-year IRP supplement with its long-term procurement compliance requirements.

Therefore, PacifiCorp is directed to include the following discussion in its final off-year 2022 IRP supplement:

- ~~1. Identify any local or regional policies that require any incremental renewable energy procurement, and description of any associated impacts to PacifiCorp's California RPS compliance planning, or an explanation of why there are no impacts;~~
- ~~2. Provide a quantitative assessment of its long-term procurement position for the current and future compliance periods; and~~
- ~~3. Provide an assessment of any potential compliance delays that could impact its compliance with the 65 percent long-term procurement target in this or future compliance periods.~~

6.3.2. Procurement Quantity Requirement for CP 4

PacifiCorp did not include any information about how it will specifically address its procurement need for CP 4 as shown in its RNS. While PacifiCorp

⁴¹ PacifiCorp 2021 Integrated Resource Plan at 338-349.

does state that it will meet its RPS obligations, it does not provide information on any planned actions that PacifiCorp will take to meet its near-term Procurement Quantity Requirement (PQR). Therefore, PacifiCorp is directed to include a narrative update on procurement strategy and concrete steps it will take to satisfy its PQR in its final off-year 2022 IRP supplement.

6.3.3. Issues Related to SB 255 and Transportation Electrification Forecast

The Commission finds that PacifiCorp's off-year 2022 RPS supplement is deficient in implementing SB 255 and providing its transportation electrification forecast. First, the 2022 ACR required retail sellers to summarize how their plans comply with SB 255, regarding supplier diversity; however, PacifiCorp's off-year 2022 RPS supplement did not discuss its implementation of SB 255. Second, PacifiCorp merely mentions how transportation electrification informs its load forecast in its off-year 2022 IRP supplement, but does not include criteria required by D.18-05-026.

Therefore, PacifiCorp must include further discussion of the following issues in its final off-year 2022 IRP supplement: (1) how PacifiCorp is implementing the supplier diversity mandates of SB 255; and (2) how PacifiCorp has structured its methodology to forecast transportation electrification load and include a comparison to the CEC's [IPERIEPR](#).

6.3.4. PacifiCorp's Risk Assessment and MMoP

Requirements associated with Risk Assessment and MMoP are established in Section 6.9 of the 2022 ACR. PacifiCorp has not met these requirements in its 2022 off-year supplement. Therefore, in its final off-year 2022 IRP supplement, PacifiCorp must ensure that it meets the 2022 ACR requirements. Specifically, PacifiCorp's risk assessment must include: (1) a discussion broken out into all subsections outlined in the 2022 ACR: Compliance Risk; Risk Modeling and Risk

Factors; System Reliability; and Lessons Learned; (2) a discussion of the severity of risks (high, medium, and low) in its Compliance Risk subsection; and (3) a discussion of its MMoP Scenarios.

7. CCAs and ESPs

The Commission approves the CCAs' and ESPs' Draft 2022 RPS Plans with modifications.

The Commission reviewed 25 CCA and 11 ESP Draft 2022 RPS Plans for completeness, accuracy of information, and compliance with the 2022 ACR. The CCA and ESP Draft 2022 RPS Plans were compliant with respect to the following issues: (1) Bid Solicitation Protocol, including Least-Cost Best-Fit Methodologies; (2) Consideration of Price Adjustment Mechanisms; and (3) Coordination with the IRP Proceeding. Regarding other requirements of the 2022 ACR, Sections 7.1 through 7.3 of this decision provide the Commission's disposition on CCAs' and ESPs' Draft 2022 RPS Plans. We have also identified the Draft 2022 RPS Plans that serve as the best examples for each issue, as discussed in the following subsections. These best examples can be used as references, as retail sellers finalize their 2022 RPS Plans.

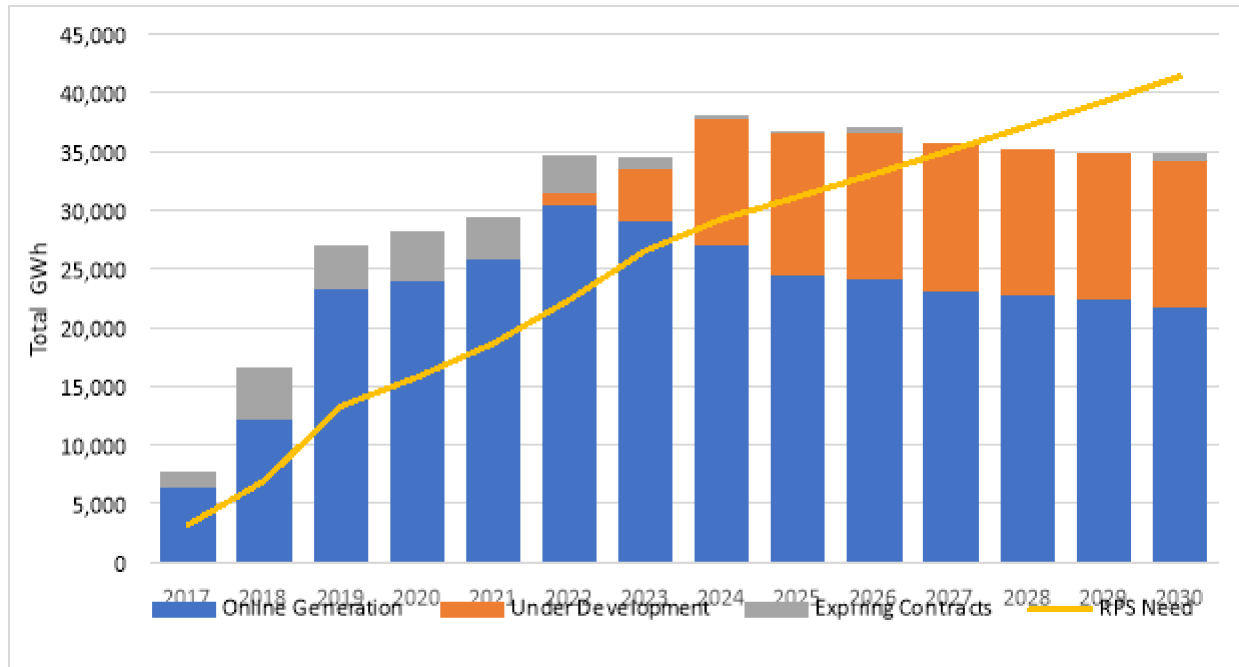
7.1. CCAs Need to Procure

The Commission reviewed Draft 2022 RPS Plans for 25 CCAs, including CCAs currently serving retail load or planning to start serving retail load in 2022 or 2023. Collectively, the CCAs have executed enough renewable energy contracts to exceed their forecasted need in 2022 and plan to serve over 64,000 GWh of retail load in 2023.

In D.21-01-005, we noted that the CCAs' share of retail sales is projected to grow from less than 10,000 GWh in 2016 to 62,000 GWh in 2023. Given the updated information, we now find that the projected CCA retail sales growth in

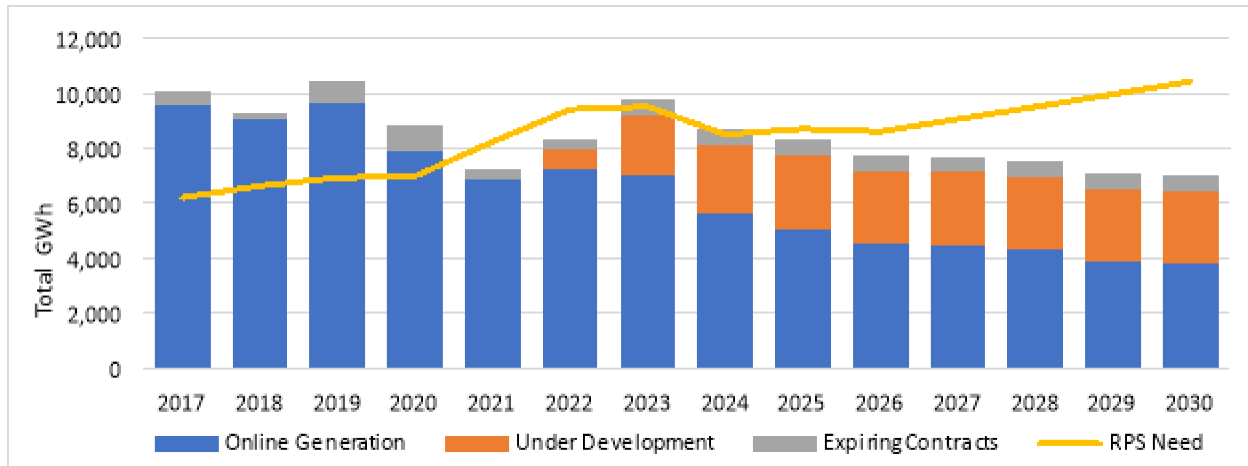
2023 has increased to 64,000 GWh. Based on the CCAs' RNS reporting, several CCAs are expected to need additional RPS procurement beginning in 2022.

Figure 3: Aggregated CCA Progress Towards 60% RPS



7.2. ESPs Need to Procure

The Commission reviewed Draft 2022 RPS Plans filed by 11 ESPs. Based on these ESPs' RNS reporting, we find that the ESPs will collectively need additional procurement to meet RPS obligations this year and then beginning in 2025, *see* Figure 4, as a result of historically relying on short-term contracts to match their RPS obligation to their overall retail sales.

Figure 4: Aggregated ESP Progress Towards 60% RPS

7.3. CCA- and ESP-Related Issues to Address in the Final 2022 RPS Plans

7.3.1. Project Development Status Update

Section 399.13 requires retail sellers to include a status update on the development schedule of all eligible renewable energy resources currently under contract in their RPS Plans. This information is important for the Commission to monitor retail sellers' ability to meet RPS compliance obligations. Additionally, the Commission is required to report RPS capacity additions and contracts signed for new RPS projects to the Legislature. Without the information in RPS Plans, the Commission cannot accurately report to the Legislature.

In their Draft 2022 RPS Plans, most CCAs and ESPs include their respective PDSU spreadsheet, however some failed to use the correct format prescribed by the 2022 ACR, and many others only provided basic information on project development that is of limited use for RPS analyses.

Therefore, we direct retail sellers to provide additional narrative, with more granular detail on the status of projects' development, beyond just the bare categories of the PDSU attachment, including any significant deviations from

preceding attachments. As such, the retail seller's Final RPS Plans should explain the reasons for any project delays, including but not limited to supply chain disruptions, interconnection issues, financing issues, or construction interruptions. Additionally, the retail sellers shall include any omissions from the required 11 elements in Section 6.5 of the 2022 ACR, particularly frequently omitted elements such as "commercial online date" and "status of any required new transmission line or transmission upgrades for each facility."

We have identified PDSU narratives provided in Draft 2022 RPS Plans that can serve as the best examples for retail sellers to consult when developing their Final 2022 RPS Plans, and they include: Desert Community Energy, East Bay Community Energy, Constellation NewEnergy, and Pioneer Community Energy.

Retail sellers identified in the table below must update the PDSU section in their Final 2022 RPS Plans pursuant to the findings below.

Table 4: Project Development Status

Retail Seller (CCAs)	Commission Finding
Central Coast Community Energy	<ul style="list-style-type: none"> • Limited narrative description of project status • Missing transmission status information from PDSU spreadsheet
Clean Power Alliance of Southern California	<ul style="list-style-type: none"> • Commercial Online Date not provided for all projects on spreadsheet
Pico Rivera Innovative Municipal Energy	<ul style="list-style-type: none"> • Narrative mentions entering into three RPS supply agreements supporting new renewable infrastructure, however PDSU spreadsheet has only one entry • RECs are not reflected in RNS spreadsheet
Rancho Mirage Energy Authority	<ul style="list-style-type: none"> • Narrative mentions entering into three RPS supply agreements supporting new renewable infrastructure, however, PDSU spreadsheet has only one entry • RECs are not reflected in RNS spreadsheet
Redwood Coast Energy Authority	<ul style="list-style-type: none"> • Commercial Online Date may have typographical errors
San Diego Community	<ul style="list-style-type: none"> • Limited narrative description of project status

Power	<ul style="list-style-type: none"> Missing transmission and COD status information from the PDSU spreadsheet
San Jacinto Power	<ul style="list-style-type: none"> Narrative mentions entering into three RPS supply agreements supporting new renewable infrastructure; however, PDSU spreadsheet has only one entry RECs are not reflected in RNS spreadsheet
San Jose Clean Energy	<ul style="list-style-type: none"> Missing transmission status information for one project.
Silicon Valley Clean Energy	<ul style="list-style-type: none"> Missing transmission status information in the PDSU spreadsheet.
Retail Seller (ESPs)	Commission Finding
3 Phase Renewables	<ul style="list-style-type: none"> COD and Capacity not filled out in spreadsheet
Calpine PowerAmerica	<ul style="list-style-type: none"> Limited narrative description of project status Missing transmission status information
EDF Industrial Power Services	<ul style="list-style-type: none"> Limited narrative description of project status
Shell Energy North America	<ul style="list-style-type: none"> Limited narrative description of project status Missing transmission status information

7.3.2. Risk Assessment and Potential Compliance Delay

This decision requires retail sellers identified in this section to expand their risk assessments including analysis of any potential compliance delays on delivery of renewable energy. Section 399.13(a)(6)(F) requires an assessment of the risk that an eligible renewable energy resource will not be built, or that construction will be delayed or reduced in size, with the result that electricity will not be delivered as required by the contract.

We have identified PG&E, CleanPowerSF, Redwood Coast Energy Authority, and Sonoma Clean Power Authority's risk assessment and compliance delay assessment section in draft 2022 RPS Plans to serve as the best examples for retail sellers to consult with developing their Final 2022 RPS Plan. Additionally, Direct Energy Business had a good example for the risk assessment

section and Clean Power Alliance's "Risk Variables" section is a good example of categorizing risk severity factors with supporting discussion.

The retail sellers identified below must update their Final 2022 RPS Plans to address the Commission findings on risk assessment.

**Table 5: Commission Findings on the
Retail Sellers' Risk Assessments and Compliance Delay**

Retail Seller (CCAs)	Commission Finding
Pico Rivera Innovative Municipal Energy Rancho Mirage Energy Authority San Jacinto Power	Discussion should explain the results of its contract-specific risk assessment with volumetric risk adjustments now that the retail seller has executed contracts for renewable resources.
Clean Power Alliance	Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; System Reliability; and Lessons Learned should be clarified.
City of Pomona	Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned. Compliance Risk section should discuss severity of risk (high, medium, and low).

Retail Seller (CCAs)	Commission Finding
City of Santa Barbara San Jacinto Power Apple Valley Choice Energy City of Palmdale Clean Energy Alliance Lancaster Choice Energy Pico Rivera Innovative Municipal Energy Rancho Mirage Energy Authority San Diego Community Power Marin Clean Energy, East Bay Community Energy Pioneer Community Energy Desert Community Energy Central Coast Community Energy	<p>Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned.</p> <p>Compliance Risk section should discuss severity of risk (high, medium, and low).</p>

Retail Seller (ESPs)	Commission Finding
Calpine Energy Solutions 3 Phases Renewables EDF Industrial Power Services Brookfield Renewable	<p>Compliance Risk section should discuss severity of risk (high, medium, and low).</p>

Retail Seller (ESPs)	Commission Finding
Energy US	
Calpine PowerAmerica	<p>Assessment should consider impacts of reduced generation.</p> <p>Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned.</p> <p>Compliance Risk section should discuss severity of risk (high, medium, and low).</p>
Commercial Energy	<p>Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned.</p> <p>Compliance Risk subsection should discuss severity of risk (high, medium, and low).</p>
Pilot Power Group	<p>Discussion should assess severity of compliance risks, include concrete steps to overcome compliance risks with a timeline, consider how the retail seller's portfolio supports or undermines system reliability.</p>
Shell Energy North America	<p>Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned.</p> <p>Compliance Risk section should discuss severity of risk (high, medium, and low).</p> <p>Discussion should also consider how the retail seller's portfolio supports or undermines system reliability.</p>

Retail Seller (ESPs)	Commission Finding
The Regents of the University of California	<p>Failure rate should be explained.</p> <p>Discussion of risk assessment should include all subsections outlined in the ACR: Compliance Risk; Risk Modeling and Risk Factors; System Reliability; and Lessons Learned.</p> <p>Compliance Risk subsection should discuss severity of risk (high, medium, and low).</p>

7.3.3. MMoP

The Commission finds that the CCAs and ESPs, identified later in this section, must provide complete sections on MMoP methodology and criteria for Final 2022 RPS Plan submissions.

The use of an MMoP is necessary to mitigate risk and ensure that retail sellers meet the State’s climate and reliability goals, particularly as California moves toward aggressive long-term RPS contracting requirements that promote the development of new renewable generation resources. Section 399.13(a)(5)(D) requires that “an appropriate [MMoP] above the minimum RPS procurement level is necessary to comply with the RPS to mitigate the risk that renewable projects planned or under contract are delayed or canceled.” The Commission’s 2014 RNS Ruling provides clear instructions on how retail sellers are to incorporate MMoP when developing risk-adjusted portfolios, and how additional RPS procurement above a risk-adjusted portfolio (*i.e.*, VMoP) should be reported in retail sellers’ RNS.⁴²

While the Commission allows retail sellers to devise their own MMoP methodology, retail sellers should clearly explain how their risk-informed

⁴² Administrative Law Judge’s Ruling on Renewable Net Short, May 21, 2014.
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M091/K331/91331194.PDF>

methodology is included in their RNS as well as how it is consistent with that methodology in the MMoP narrative. Further, retail sellers should not report MMoP values in Row D of their RNS; rather, the need for additional procurement above a retail seller's risk-adjusted portfolio should be explained and supported by the VMoP reported in the quantitative analysis.

Retail sellers should clearly distinguish between established statutory MMoP and VMoP. Retail sellers should not have a VMoP in place of an MMoP but should only have a VMoP after establishing and quantifying an MMoP.

We have identified CleanPowerSF's and Desert Community Energy's approach to MMoP as the best examples for CCAs and ESPs to consult when developing their Final 2022 RPS Plans.

The retail sellers identified below are required to modify the MMoP section of their Final 2022 Plans commensurate with the guidance provided in this section.

Table 6: MMoP

Retail Seller (CCAs)	Commission Finding
City of Palmdale	Statement that the city "does not yet have any RPS supply under contract" ⁴³ is at odds with the RNS and cost sheets showing procurement.
Clean Power Alliance	Over procurement does not always clearly distinguish between VMOP and MMOP.
Retail Seller (ESPs)	Commission Finding
Calpine Energy Solutions	Discussion should reflect RNS inputs and clearly distinguish between established statutory MMoP and VMoP.
Calpine PowerAmerica	MMoP methodology should be

⁴³ City of Palmdale draft 2022 RPS Plan at 56.

	described to support the proposed quantified MMoP in risk-adjusted portfolio, and format section using the subsections required by the ACR.
3 Phases Renewables EDF Industrial Power Services	Discussion should be updated to reflect that it has a contract for a project that is under development.
Brookfield Renewable Energy US	Discussion should be updated to better explain or change its assumption about why a new LSE should use a forecast failure rate for facilities in development (FRFID) close to zero percent whereas experienced LSEs utilize higher FRFIDs.

7.3.4. Safety Considerations

The 2022 ACR directed the retail sellers to describe how they incorporate safety considerations into their RPS planning and procurement decisions. The 2022 ACR provided relevant safety issues to address, including future land use impacts due to climate change (*e.g.*, sea level rise), Public Safety Power Shut-off (PSPS) events, wildfire risk mitigation, or a combination of these approaches to overall system and public safety.⁴⁴

In their Draft 2022 RPS Plans, retail sellers provided information describing their efforts at addressing safety considerations, while the remaining retail sellers acknowledged these considerations and stated that they would evaluate the risks in their future actions, whether through procurement, siting, decommissioning, etc. In all cases, the retail sellers fulfilled the obligations to consider and provide their approach to safety in the RPS program, as directed by the 2022 ACR.

⁴⁴ 2022 ACR at 31-32.

7.3.5. Curtailment Frequency, Forecasting, Costs

The 2022 ACR directed retail sellers to discuss curtailment in RPS Plans, including possible incidences of overgeneration impacting retail sellers' portfolios.⁴⁵ As a growing number of retail sellers begin serving load, we need to understand their unique experiences related to economic curtailment.

Renewables continue to account for a greater percentage of load on the system, highlighting the need for retail sellers to demonstrate how their procurement planning addresses instances of overgeneration. In D.14-11-042, the Commission approved curtailment terms for the IOUs' pro forma contracts and required additional information about curtailment in their procurement planning to be included in annual RPS Plans and regular reporting to Procurement Review Groups. Other retail sellers, however, are not required to seek Commission approval for standard contract terms, including curtailment provisions, highlighting the importance of complete and in-depth assessments of curtailment, forecasting, and costs in retail sellers' RPS Plans.

The Commission finds RPS Plans submitted with no or limited curtailment assessment to be deficient and non-compliant with the 2022 ACR. We require the CCAs and ESPs, identified later in this section, to provide an expanded curtailment analysis that meets the criteria set forth in the 2022 ACR for Final 2022 RPS Plan submissions. Section 6.13 of the 2022 ACR required the retail sellers to specifically address the following issues:

⁴⁵ The Commission directed all retail sellers to analyze the impact of economic curtailment, overgeneration or oversupply events on their resource portfolios in their future Renewables Portfolio Standard Procurement Plans in D.12-12-042 at OP 20.

- a) Factors having the most impact on the projected increases in incidences of overgeneration and negative market price hours;
- b) Written description of quantitative analysis of forecast of the number of hours per year of negative market pricing for the next 10 years;
- c) Experience, to date, with managing exposure to negative market prices and or lessons learned from other retail sellers in California;
- d) Direct costs incurred, to date, for incidences of overgeneration and associated negative market prices;
- e) An overall strategy for managing the overall cost impact of increasing incidences of overgeneration and negative market prices; and
- f) Contract terms included in RPS contracts intended to reduce the likelihood of curtailment or protect against negative prices.

In Final 2022 RPS Plans, retail sellers are required to provide the specific information sought in the 2022 ACR, including the five challenges explicitly presented to them. It is not sufficient for retail sellers without generation facilities to shift their obligation to consider the impacts of curtailment to third-party generators. All retail sellers must describe any contract terms included in RPS contracts intended to reduce the likelihood of curtailment or protect against negative prices.

Draft 2022 RPS Plans that provide the best examples of robust curtailment analyses include PG&E, Marin Clean Energy, Clean Power SF, Peninsula Clean Energy, Redwood Coast Energy Authority, and Pioneer. Additionally, Lancaster Choice Energy provided a widely cited lessons learned from its Western Antelope Dry Ranch PV facility, and San Diego Community Power had a useful

negative pricing analysis as well as a nuanced discussion of using various contract terms to mitigate negative pricing.

ESPs generally claimed that they are not responsible for curtailment events because they do not own the generation facilities.⁴⁶ Though it is true that generators often take curtailment risk and pricing into account when contracting their generation and that ESPs do not have operational control of the facility, ESPs should explain their approach to contractual terms with generators to protect them from the risk of curtailment.

In Final 2022 RPS Plans, East Bay Community Energy and King City Community Power must update their curtailment assessments to address the Commission findings listed in the table below.

Table 7: Curtailment Frequency

Retail Seller	Commission Finding
East Bay Community Energy	<ul style="list-style-type: none"> • Missing forecast of the number of hours per year of negative market pricing for the next 10 years
King City Community Power	<ul style="list-style-type: none"> • Insufficient description of strategy for managing the overall cost impact of increasing incidences of overgeneration and negative market prices • Insufficient description of direct costs incurred, to date, for incidences of overgeneration and associated negative market prices.

7.3.6. Renewable Net Short Calculations

Section 6.8 of the 2022 ACR directed all retail sellers to provide both a narrative and quantitative response demonstrating how the results of their risk assessments have been incorporated into their 2022 RNS calculations.

⁴⁶ For example, Constellation NewEnergy Draft RPS Plan at 70-72, Pilot Power Group Draft RPS Plan at 22.

The Commission finds that the majority of retail sellers met the 2022 ACR requirements. However, the Commission also finds several retail sellers' Draft 2022 RPS Plans deficient in this matter and directs them to supplement their final 2022 RPS Plans based on the findings described in Table 9.

Table 8: Renewable Net Short Calculations

Retail Seller	Commission Finding
3 Phases	<ol style="list-style-type: none"> 1) The RNS narrative states 3 Phases Renewables will have a positive Gross RPS position going forward, but this is not reflected in the RNS Template for CP 4. 2) The narrative and quantitative analysis should be aligned, as well as Section IV.A, if necessary. 3) The RNS template has no in-development generation, despite having the Harquahala Sun project in development.
Calpine Energy Solutions	Whether or not there is a shortfall in CP 4 should be confirmed.
City of Palmdale	Forecast failure rate for Online Generation is not explained.
Clean Energy Alliance	RNS failure rate methodology was not clearly articulated.
Clean Power Alliance	It is not clear how failure rates align with description in the Risk Assessment section.
Pico Rivera Innovative Municipal Energy	Although PRIME's Project Development Status narrative describes having three agreements for new facilities, no RECs are listed under the RNS projects in development section, and there is also no associated failure rate.
San Diego Community Power	RNS failure rate methodology is not clearly articulated.

7.3.7. Supplier Diversity

SB 255 (Bradford, 2019) Stat.2019, Ch.407 amended Sections 366.2 and 8283 of the Public Utilities Code, requiring CCAs and ESPs with more than \$15 million in annual revenues to submit a Supplier Diversity Report and Plan to the Commission. On April 7, 2022, the Commission issued D.22-04-035 implementing SB 255 and revising GO 156 governing its Supplier Diversity Program. Reporting requirements include an annual plan describing activities to

increase procurement, including but not limited to energy supply, from small, local, and diverse business enterprises.⁴⁷

CleanPowerSF provides the best practice in this matter by incorporating supplier diversity in bid selection protocols and Least-Cost Best-Fit (LCBF) Criteria (Section X) and includes a link to the 2022 Supplier Diversity Annual Plan, which identifies concrete steps to incorporate into all procurement practices.⁴⁸

The Commission finds that the majority of CCAs and ESPs do not mention SB 255 or mention it but provide no information on how they implement it. Several retail sellers do not mention SB 255, but supplier diversity is one of the criteria used in their solicitation materials, as shown below.

Table 9: Findings Regarding Implementation of SB 255

Goes Beyond Bid Criteria
CleanPowerSF, Redwood Coast Energy Authority, Desert Community Energy.
Mentions SB 255 and Incorporates Supplier Diversity into Bid Criteria and/or Solicitation Protocols
EDF, Orange County Power Authority, Pilot Power Group, San Diego Community Power, Silicon Valley Clean Energy, Valley Clean Energy Alliance, Industrial Power Services, 3 Phases Renewables.
Mentions Intent to Comply with SB 255, but Takes No Steps to Implementation in Their Plan
Clean Power Alliance, University of California Regents, Constellation NewEnergy, Direct Energy Business, Sonoma Clean Power Authority, Marin Clean Energy, San Jose Clean Energy, Brookfield Renewable Energy US, Calpine Energy Solutions, Calpine Power America, Pilot Power Group. King City Community Power.
No Mention of SB 255 but Supplier Diversity in Solicitation Materials
BVES; East Bay Community Energy, Pioneer Community Energy.

⁴⁷ D.22-04-035 at OP 2.

⁴⁸ See CleanPowerSF Draft 2022 RPS Plan, at 6 fn. 10.

No Mention of SB 255

Apple Valley Choice Energy, City of Palmdale, City of Pomona, Clean Energy Alliance, Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, San Jacinto Power, Commercial Energy, Shell Energy North America, City of Santa Barbara, Central Coast Community Energy, Peninsula Clean Energy.

Retail sellers that did not address SB 255 in their Draft 2022 RPS Plans must at least mention it consistent with 2022 ACR section 6.3. The Commission encourages all retail sellers to follow the best examples who express a commitment to supplier diversity and incorporate it into their procurement efforts enterprise wide.

7.3.8. Cost Quantification

The Commission requires retail sellers listed in Table 10 to provide complete and/or corrected information or explain discrepancies between the submitted RNS calculations and Cost Quantification sheets in their Final 2022 RPS Plans.

Pursuant to the 2022 ACR requirements, “All retail sellers must submit the native file versions of the required Microsoft Excel spreadsheets for the RNS calculations, Project Development Status Update, and Cost Quantification to Energy Division staff through the CPUC’s Secure File Transfer Protocol (FTP). This submission is in addition to including the required data in the retail sellers’ RPS Plan.”⁴⁹

The Commission finds that five CCAs, namely, Clean Energy Alliance, City of Pomona, and San Diego Community Power, did not submit complete and correct Cost Quantification sheets.

⁴⁹ 2022 ACR at 40.

These retail sellers should review the table below to see the precise issue and must make corrections accordingly. In some cases, cells were left empty where it appears likely that values would have been zero, however the retail seller should enter “0” instead to avoid confusion.

Additionally, the Commission found numerous instances where equivalent metrics did not align between the cost quantification and RNS spreadsheets. Absent explanation, a given measure cannot have multiple values and be correct. The table below lists the retail sellers with data discrepancies. The retail sellers must review the findings below and correct or explain the differences in their 2022 Final RPS Plans.

Table 10: Cost Quantification

Retail Seller (CCAs)	Commission Finding
Clean Energy Alliance	RPS-Eligible procurement was significantly different from RNS sheet for 2023-2032.
CleanPower SF	“Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022-2024.
City of Pomona	Cost Quantification Table 1 for 2019 should be 0, not blank.
Lancaster Choice Energy	Executed REC sales in 2022 not consistent between Cost and RNS sheets.
San Diego Community Power	Cost Quantification Table 1 is blank.
San Jose Clean Energy	“Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022-2032.
Retail Seller (ESPs)	Commission Finding
3 Phases Renewables	“Executed REC Sales” are not consistent between Cost Quantification and RNS sheets for 2022-2030.
Direct Energy Business	“Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2023-2032.
The Regents of the University of California	“Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022.

8. Motions for Confidentiality and Late-Filing

The motions for confidentiality of retail sellers named in Table 11 are partially approved. The Commission reviewed draft 2022 RPS Plans to ensure retail sellers did not excessively redact information. This decision orders retail sellers identified in the table below to correct their excess redactions in their Final 2022 RPS Plans.

The underlying principle of confidentiality pursuant to the 2022 ACR and D.06-06-066, as modified by D.21-11-029, is about making information publicly accessible to the greatest extent possible while protecting certain market-sensitive information. As such, the party seeking confidentiality protection for data in RPS Plans must make claims consistent with the confidentiality matrices in D.06-06-066, as modified D.21-11-029. The party seeking confidentiality bears the burden of proof.

We find some retail sellers have excessively redacted the information, thus disregarding prior CPUC guidance. The table below lists retail sellers for whom Commission review found unauthorized redactions. Final 2022 RPS Plans must be revised to comply with the guidance in D.06-06-066, as modified by D.21-11-029.

Table 11: Confidentiality Redactions and Commission Findings

Retail Seller	Commission Finding
BVES	RNS Variables Ia, Ib, J, J0-J2, La, and Lb are inappropriately redacted for 2017-2021 and CP 3.
Central Coast Community Energy	RNS Variables Fa, Fb, Fc, Fd, F, F0-F3 are inappropriately redacted for 2025-2032.
Clean Power Alliance	The COD redactions in Project Development Status Update in Plan Body Section V, Pages 15-16, do not match the COD in the PDSU attachment (Appendix D) which has no redactions.
Calpine	The Cost Quantification Sheet is inappropriately redacted in Table 1;

Retail Seller	Commission Finding
PowerAmerica	bundled sales amount for the year 2025 in Table 2; and in Table 4 the year 2025.
Commercial Energy	Table 1 in the Cost Quantification Sheet should be unredacted.
Constellation NewEnergy	RNS Variables Ia, Ib, J, J0-J2, La, and Lb are inappropriately redacted for 2017-2021 and CP 3.
Direct Energy Business	Table 1 in the Cost Quantification Sheet should be unredacted.
East Bay Community Energy	Shall update its final RPS Plan and unredact VAMO information that is now public.
Marin Clean Energy	Should unredact "Network Update Milestones" on Page 35 of Plan Body. Column U should be unredacted in PDSU Sheet.
Redwood Coast Energy Authority	The Cost Quantification Table 1 should be unredacted and in Table 2 bundled sales amounts should be unredacted outside of the 2022-2024 period.
PG&E	RNS Variable D is inappropriately redacted for 2028-2032.
Pilot Power Group	RNS Variables Ia, Ib, J, J0-J2, La, and Lb are inappropriately redacted for 2017-2021 and CP 3.
SDG&E	RNS Variables A, C, D, E, Fa, Fb, Fc, Fd, F, F0-F3 are inappropriately redacted for 2025. In The Cost Quantification Table 2, bundled sales amounts should be unredacted for 2025.
Sonoma Clean Power	Table 1 in the Cost Quantification Sheet should be unredacted.

Only one retail seller filed a motion for leave to late-file its Draft RPS Plan. Good cause being shown, Motion for leave to late-file Draft 2022 RPS Plan filed by Brookfield Renewable Energy Marketing US LLC, dated July 28, 2022, is granted.

9. Comments on Proposed Decision

The proposed decision of Administrative Law Judges (ALJs) Manisha Lakhanpal and Nilgun Atamturk in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

Comments were filed on _____, and reply comments were filed on _____

_____ by _____, November 29, 2022, by BVES, Clean PowerSF, GPI, PacifiCorp, PG&E, SBUA, SDG&E, and SCE. Reply comments were filed on December 5, 2022, by SBUA, SCE, and SDG&E. All comments and reply comments have been carefully reviewed. We respond to some of these comments below.

In its opening comments, PG&E requests authority to procure long-term RPS products in the Market Offer process of the other two IOUs as part of its Final 2022 RPS Procurement Plan.⁵⁰ PG&E states that participation in the other IOUs' Market Offer processes will provide PG&E with flexibility to meet its RPS procurement needs through additional solicitation processes, like other market participants who can optimize their RPS portfolios through participation in the Market Offer process. PG&E also seeks clarification that, in the event an IOU procures long-term Market Offer products through a different IOU's solicitation, the costs of any resulting transaction is pre-approved for cost recovery as a Power Charge Indifference Adjustment ("PCIA")- eligible contract for the term of the contract.

Reply comments in response to PG&E's comments were filed by SCE, SDG&E and SBUA. SCE's reply comments support PG&E's request to allow the IOUs to participate in the other IOUs' Market Offer solicitations. SCE states that participating as a bidder in the Market Offer process will give it an opportunity to fulfill its long-term RPS need at uniquely competitive pricing. SCE also supports PG&E's request for clarification that the cost of any such transaction is pre-approved for cost recovery as a PCIA-eligible contract for the term of the

⁵⁰ Both SCE and PG&E asked for authorization to bid into the other IOUs' Market Offer process in comments on D. 22-11-021. (SCE Opening Comment to D.22-11-021 at 10-11 and PG&E Opening Comment to D.22-11-021 at 10-11). D.22-11-021 determined that such a request was beyond the scope of Track 1, as opposed to this Track 2 decision focused on procurement plans.

contract. SDG&E reply comments state that any resulting transactions from an IOU's participation in another IOU's Market Offer solicitation should be fully recoverable in rates. In its reply comments, SBUA requests that the Commission approve PG&E's request to participate but continue to subject cost recovery to the Tier 3 process.

Pursuant to D.21-05-030, the Market Offer process is open to all market participants including the IOUs administering the Market Offer process.⁵¹ If the IOUs can participate in their own Market Offer process, which includes both short-term and long-term solicitations, we do not see a reason to exclude them for participating as bidders in the other IOUs' Market Offer process. Moreover, if the VAMO is successful in its goal of reducing excess and/or uneconomic resources in utilities' PCIA portfolios as envisioned in D.21-05-030, the IOUs may end up in a short position in the coming few years. It is reasonable for the IOUs, on behalf of their current bundled service customers, to take advantage of the same procurement opportunities as other market participants to transact in the Market Offer process. Therefore, we should allow the IOUs to participate as bidders and avail the opportunity to balance their portfolios as they see fit under the Market Offer process.

Regarding the PG&E's assertion that the costs of any resulting transaction is pre-approved for cost recovery as a PCIA-eligible contract for the term of the contract, we clarify that review of long-term procurement contracts⁵² under the Market Offer solicitation shall follow the same review and approval process as the current RPS procurement review. Under the RPS program, utilities seek

⁵¹ D.21-05-031 at 25.

⁵² Long-term contracts are contracts greater than five years.

pre-approval for cost recovery for long-term RPS contracts (with some exceptions), by a Tier 3 Advice Letter.⁵³ For long-term RPS procurement made under the Market Offer process, the IOUs shall file Tier 3 Advice Letters for Commission review and approval and a Tier 1 Advice Letter for contracts less than five years of contract term pursuant to D.09-06-050, D.14-11-042, and D.17-12-007.

Besides filing the appropriate Advice Letters for approval of contracts, the IOUs shall follow ERRR ratemaking process for cost recovery associated with RPS procurement contracts. Any IOU transaction(s) that are the result of participation in another IOU's Market Offer process will be subject to Commission's review of the IOU's administration of the transaction before rate recovery through the ERRR ratemaking process via the Portfolio Allocation Balancing Account (PABA) as a PCIA-eligible contract over the life of the transaction.

In response to PacifiCorp's comments, the proposed decision is modified to eliminate the requirement for PacifiCorp to include in its final 2022 Off-Year supplement additional discussion on local and regional policies and an assessment of any potential compliance delays that could impact its compliance with the 65 percent long-term procurement target. As directed in Ordering Paragraph 26 of D.22-01-004, PacifiCorp shall include this information in its 2023 On-Year IRP supplemental filing.

CleanPowerSF requests that the final decision approve CleanPowerSF's Motion to Update Draft 2022 Renewable Portfolio Standard Procurement Plan of CleanPowerSF and Appendices A, G, and O. On August 15, 2022, most retail

⁵³ D.14-11-042 at 74-78.

sellers filed motions to update their draft RPS Plans. These retail sellers are Apple Valley Choice Energy; City of Palmdale; City of Pomona; City of San Jose; City of Santa Barbara; Clean Energy Alliance; CleanPowerSF; Desert Community Energy; East Bay Community Energy; Lancaster Choice Energy; Orange County Power Authority; Pico Rivera Innovative Municipal Energy; Rancho Mirage Energy Authority; San Diego Community Power; San Jacinto Power; Silicon Valley Clean Energy Authority; Valley Clean Energy Alliance; 3 Phases Renewables, Inc.; Shell Energy North America (US), L.P.; PG&E; and SCE. The proposed decision is modified to grant these retail sellers' motions to update their draft 2022 RPS Plans.

10. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Manisha Lakhanpal and Nilgun Atamturk are the assigned ALJs in this proceeding.

Findings of Fact

1. PG&E's Draft 2022 RPS Plan contains the required elements.
2. SCE's Draft 2022 RPS Plan contains the required elements.
3. SDG&E's Draft 2022 RPS Plan contains the required elements.
4. The 65 percent long-term requirement becomes effective for all retail sellers in the 2021 – 2024 compliance period, though some elected for early compliance in the 2017 – 2020 compliance period.
5. Some CCA and ESP have not yet procured enough RPS energy from long-term contracts to meet the requirement.
6. For many retail sellers, the Progress Towards Long-Term RPS Contracting Requirement graph filed with their plan was insufficient to gauge the retail seller's position.

7. Most of the CCA and ESP RPS Plans had no or limited supporting information on the impact of transportation electrification load on their portfolio diversity and reliability.

8. The IOUs have mid-term reliability targets to procure renewable energy resources/ zero-emitting resources under D.21-06-035.

9. There is uncertainty about the impact of VAMO and the status of mid-term reliability procurement on the IOUs' RPS portfolio in this RPS cycle.

10. PG&E may be short on its RPS position in 2023 based on its projections of allocating and selling renewable resources under the VAMO process and using its existing renewable resources to meet the needs of its GTSR Program.

11. PG&E's RPS bank can meet RPS shortfall starting in 2023 up until 2029.

12. PG&E's REC sales framework provides it the flexibility to sell RPS volume for 2023 and 2024 deliveries.

13. Updates to PG&E's REC sales framework will be required to reflect impacts for current VAMO results and IRP procurement.

14. ~~13.~~ PG&E provided the background information to revise its procurement pro forma agreement, but it did not submit the revised procurement pro forma agreements.

15. ~~14.~~ SCE did not hold an RPS Solicitation between 2016 and 2021.

16. ~~15.~~ SCE forecasts a net short position starting in 2023 without the use of the RPS bank.

17. ~~16.~~ SCE forecasts a net long position through the end of CP 5 (2025-2027) with the use of the RPS bank.

18. ~~17.~~ SCE's 2022 pro forma PPA is technology-neutral to enable procurement of in-front-of-the-meter renewable energy resources.

19. ~~18.~~ SDG&E forecasts a net ~~long~~short position ~~through 2032~~in the near future based on its conforming RNS table, but at a minimum meeting its RPS Compliance requirements through 2032 based on its Alternative RNS + Mid Term IRP Procurement Scenario.

20. ~~19.~~ SDG&E's desire to have flexibility in optimizing its portfolio has merit.

21. ~~20.~~ It is reasonable for SDG&E to have the option to consider, via qualitative and quantitative assessment, whether it wants to sell RPS resources or bank them.

22. ~~21.~~ It may be economically beneficial for SDG&E customers for SDG&E to sell excess RPS resources.

23. ~~22.~~ SDG&E's supporting PPAs and pro forma contracts are reasonable.

24. ~~23.~~ D.21-05-030 authorized IOUs to hold RFIs to balance their RPS portfolios.

25. ~~24.~~ IOUs' RFI processes with its supplier counterparties and market participants will enable it to determine interest in contract assignments or other contractual structures to optimize its RPS portfolio.

26. ~~25.~~ The option to hold an RPS solicitation in the 2022 solicitation cycle will give the IOUs the flexibility to meet their RPS compliance obligations should they fall short after the completion of sale of excess RPS resources under the VAMO process.

27. ~~26.~~ A combination of approaches that allows long-term and short-term RPS procurement and simultaneous RPS sales gives IOUs flexibility to realize the incremental value for their customers and balance their RPS portfolio.

28. ~~27.~~ The three SMJUs (Bear Valley Electric Service, Inc., PacifiCorp, and Liberty, collectively) need to procure more RPS eligible renewables beginning in 2023 to meet their respective RPS requirements.

29. ~~28.~~ BVES' narrative summary of its portfolio management strategy does not align with the quantitative analysis provided in its RNS template.

30. ~~29.~~ In its Draft 2022 RPS Plan, BVES merely mentions that transportation electrification informs its load forecast.

31. ~~30.~~ BVES did not discuss its implementation of SB 255.

32. ~~31.~~ Liberty does not provide a quantitative assessment of its long-term contracting compliance forecast.

33. ~~32.~~ Liberty's narrative plan does not describe its VMoP included in its RNS spreadsheet.

34. ~~33.~~ Liberty does not provide a severity analysis of compliance risk in the risk assessment section.

35. ~~34.~~ Liberty suggests that its expansion of the Luning Solar Project will support its future RPS compliance but does not provide a contingency strategy to remain in compliance if the project is not approved by the Commission as proposed or otherwise does not achieve an early 2024 online date.

36. ~~35.~~ Liberty merely mentions that transportation electrification informs its load forecast.

37. ~~36.~~ Liberty does not provide Luning Expansion project in its PDSU template.

38. ~~37.~~ Liberty did not discuss its implementation of SB 255.

~~38.——PacifiCorp did not include any information about local or regional policies and their impact on its RPS compliance planning.~~

~~39.——PacifiCorp does not provide a quantitative assessment of its long-term contracting compliance forecast.~~

39. ~~40.~~ PacifiCorp did not include any information about how it will specifically address its procurement need for CP 4 as shown in its RNS.

40. ~~41.~~ PacifiCorp did not discuss its implementation of SB 255.

41. ~~42.~~ PacifiCorp merely mentions that transportation electrification informs its load forecast.

42. ~~43.~~ PacifiCorp's risk assessment section did not meet the requirements of Section 6.9 of the 2022 ACR.

43. ~~44.~~ The Commission reviewed Draft 2022 RPS Plans for 25 CCAs, including CCAs currently serving retail load or planning to start serving retail load in 2022 or 2023.

44. ~~45.~~ Collectively, the CCAs have executed enough renewable energy contracts to exceed their forecasted need in 2022 and plan to serve over 64,000 GWh of retail load in 2023.

45. ~~46.~~ Based on the CCAs' RNS reporting, several CCAs are expected to need additional RPS procurement beginning in 2022.

46. ~~47.~~ The ESPs will collectively need additional procurement to meet RPS obligations beginning in 2025.

47. ~~48.~~ The ESPs' RPS need in the mid-term is a result of historically relying on short-term contracts to match their RPS obligation to their overall retail sales.

48. ~~49.~~ In their Draft 2022 RPS Plans, most CCAs and ESPs include their respective PDSU spreadsheet; however, some failed to use the correct format prescribed by the 2022 ACR, and many others only provided basic information on project development that is of limited use for RPS analyses.

49. ~~50.~~ Desert Community Energy, East Bay Community Energy, Constellation NewEnergy, Inc., and Pioneer Community Energy provide the best examples of PDSU narratives in Draft 2022 RPS Plans.

50. ~~51.~~ CleanPowerSF's and Desert Community Energy's approach to MMoP are the best examples for CCAs and ESPs to consult when developing their Final 2022 RPS Plans.

51. ~~52.~~ In their Draft 2022 RPS Plans, retail sellers provided information describing their efforts at addressing safety considerations, while the remaining retail sellers acknowledged these considerations and stated that they would evaluate the risks in their future actions, whether through procurement, siting, decommissioning, etc.

52. ~~53.~~ Draft 2022 RPS Plans that provide the best examples of robust curtailment analyses include PG&E, Marin Clean Energy, CleanPowerSF, Peninsula Clean Energy, Redwood Coast Energy Authority, and Pioneer. Additionally, Lancaster Choice Energy provided a widely cited lessons learned from its Western Antelope Dry Ranch PV facility, and San Diego Community Power had a useful negative pricing analysis as well as a nuanced discussion of using various contract terms to mitigate negative pricing.

53. ~~54.~~ The majority of retail sellers met the 2022 ACR requirements to provide both a narrative and quantitative response demonstrating how the results of their risk assessments have been incorporated into their 2022 RNS calculations; several retail sellers' filings are deficient in this matter.

54. ~~55.~~ The majority of CCAs and ESPs do not mention SB 255 or mention it but provide no information on how they implement it.

55. ~~56.~~ CleanPowerSF provides the best practice by incorporating in bid selection protocols and LCBF Criteria and includes a link to 2022 Supplier Diversity Annual Plan with concrete steps to incorporate into all procurement practices.

56. ~~57.~~ Six CCAs and three ESPs made mistakes in their Cost Quantification sheets.

57. The Market Offer process is open to all market participants including the IOUs administering the Market Offer process.

Conclusions of Law

1. Based on the status of the VAMO process and mid-term reliability procurements, the IOUs should update their Final 2022 RPS Plans.
2. Prudent long-term contracting assessments should be used to inform a retail seller's RPS procurement planning and procurement decisions for current and future compliance periods.
3. Each retail seller should address local transportation electrification adoption trends while planning for portfolio diversity and renewable resource procurement to meet incremental RPS requirements because it is increasingly important for CCAs and ESPs to develop forecasts and load profiles with transportation electrification scenarios for RPS planning purposes.
4. Retail sellers identified in Tables 2 and 3 of this decision should update the RPS portfolio supply and demand section in their Final 2022 RPS Plans regarding long-term contracting and transportation electrification as directed.
5. Based on PG&E's, SCE's and SDG&E's current stated RPS compliance positions, it is reasonable to allow them flexibility to hold 2022 RPS solicitations, if needed.
6. It is reasonable to authorize PG&E, SCE and SDG&E with an option to sell RPS volumes for the period covered by the 2022 RPS Procurement Plans to balance their respective RPS portfolio.
7. It is reasonable to allow PG&E to use its RPS bank to achieve compliance with its RPS obligations through 2028.

8. PG&E should file revised pro forma agreements as part of its Final 2022 RPS Plan or use previously approved pro forma agreements as submitted with PG&E's Draft 2022 RPS Plans.

9. It is reasonable for PG&E to submit multiple procurement pro forma agreements for RPS procurement as part of its Final 2022 RPS Plan, consistent with its procurement needs described in its Draft 2022 RPS Plan, and its practices in the IRP proceeding.

10. ~~9.~~ SCE's and SDG&E's respective REC sales solicitation protocol and the proposed pro forma agreement is reasonable and should be approved.

11. ~~10.~~ Because SCE plans to procure only in-front-of the meter resources that are RPS eligible, it is reasonable to use the revised PPA.

12. ~~11.~~ Because IOU's RFIs will enable further portfolio optimization, they should be approved.

13. ~~12.~~ The Draft 2022 RPS Plans are not the appropriate venue to enforce the provisions of GO 156-related outreach methods.

14. ~~13.~~ Given their near-term need for RPS-compliant resources, SMJUs should consider early and timely procurement of resources rather than late unbundled REC purchases.

15. ~~14.~~ The Draft 2022 RPS Plan filed by BVES should be approved with modifications described in Section 6.1 and its subsections concerning BVES' portfolio supply and demand, long-term procurement, and risk assessment, transportation electrification and load forecasting, and implementation of SB 255.

16. ~~15.~~ BVES should update its narrative to indicate that it currently lacks sufficient supply to meet current and future compliance period obligations.

17. ~~16.~~ The draft 2022 RPS Plan filed by Liberty Utilities should be approved with modifications listed in Section 6.2 and its subsections.

18. ~~17.~~ Liberty's request to implement a long-term REC procurement strategy to acquire PCC 3 RECs up to three years in advance, and to otherwise meet RPS compliance through its existing, utility-owned Luning and Turquoise solar resources and banked RECs should be approved.

19. ~~18.~~ PacifiCorp's off-year 2022 supplement should be approved with modifications described in Section 6.3 concerning PacifiCorp's ~~local and regional policies, long-term procurement position and any associated potential compliance delays,~~ Procurement Quantity Requirement need for CP 4, incorporation of RNS figures, transportation electrification load forecasting, implementation of SB 255, and risk assessment and MMoP analysis.

20. ~~19.~~ To comply with D.18-05-026, BVES, Liberty, and PacifiCorp should provide in their final RPS Plan further discussion of how they forecast transportation electrification load and compare it to the CEC's IEPR forecast.

21. ~~20.~~ Retail sellers' narrative should provide additional, more granular detail on the status of projects' development, beyond just the bare categories of the PDSU attachment, including any significant deviations from preceding attachments.

22. ~~21.~~ Retail sellers identified in Table 4 of this decision should update the PDSU section in their Final 2022 RPS Plans as directed.

23. ~~22.~~ Retail sellers identified in Table 5 of this decision should expand their risk assessments including analysis of any potential compliance delays on delivery of renewable energy.

24. ~~23.~~ Retail sellers identified in Table 6 of this decision should provide complete sections on MMoP methodology and criteria for Final 2022 RPS Plan submissions.

25. ~~24.~~ Retail sellers fulfilled the obligations in the 2022 ACR to consider and provide their approach to safety in the RPS program.

26. ~~25.~~ Retail sellers identified in Table 7 of this decision should provide an expanded curtailment analysis that meets the criteria set forth in the 2022 ACR for Final 2022 RPS Plan submissions.

27. ~~26.~~ Retailers sellers identified in Table 8 of this decision should supplement their Final 2022 RPS Plans as directed to provide both a narrative and quantitative response demonstrating how the results of their risk assessments have been incorporated into their 2022 RNS calculations.

28. ~~27.~~ Retailers sellers as identified in Table 9 should follow the best practices in implementing SB 255.

29. ~~28.~~ Retail sellers identified in Table 10 of this decision make corrections in their Final 2022 RPS Plans to provide complete and/or corrected information or explain discrepancies between the submitted RNS calculations and Cost Quantification sheets in their Final 2022 RPS Plans.

30. ~~29.~~ Retailers sellers as identified in Table 11 should unredact non-confidential material in their Final 2022 RPS Plans to comply with guidance in D.06-06-066, as modified by D.~~21-11-029~~21-11-029.

31. Each IOU should be allowed to submit bids in the Market Offer process of the other two IOUs.

32. It is reasonable for IOUs to submit a Tier 1 or Tier 3 Advice Letter seeking approval of short-term or long-term procurement contracts, respectively, and recover costs through the PABA in the ERRR ratemaking process.

O R D E R**IT IS ORDERED** that:

1. Pursuant to the authority provided in Public Utilities Code Section 399.13(a)(1), the Draft 2022 Renewables Portfolio Standard Procurement Plans, filed by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company are conditionally accepted, as modified herein.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file a clean version and a redlined copy of their Final Renewables Portfolio Standard (RPS) Procurement Plans, including an updated status of the Voluntary Allocation and Market Offer Process and the mid-term reliability procurements, with the Commission to initiate the RPS solicitation process within 30 days of the issuance date of this decision.

3. Pacific Gas and Electric Company shall file its proposed revised pro forma contracts as part of its Final 2022 Renewables Portfolio Standard Procurement Plan if it determines a need to procure or may use its previously approved pro forma agreements.

4. [Pacific Gas and Electric Company's sales solicitation protocols and pro forma agreements filed as part of their Draft 2022 Renewables Portfolio Standard Procurement Plans are approved.](#)

5. ~~4.~~ Southern California Edison Company's and San Diego Gas & Electric Company's Sales procurement and sales solicitation protocols and pro forma agreements filed as part of their Draft 2022 Renewables Portfolio Standard Procurement Plans are approved.

6. ~~5.~~ Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (IOUs) may issue solicitations to procure and/or sell Renewables Portfolio Standard (RPS) volumes in accordance with the limitations of this decision 10 days after filing Final 2022 RPS Procurement Plans, unless the IOUs' amended RPS Procurement Plans are suspended by the Energy Division Director within the 10-day period.

7. ~~6.~~ Pursuant to the authority provided in Public Utilities Code Section 399.13(a)(1), the Draft 2022 Renewables Portfolio Standard Procurement Plans filed by Bear Valley Electric Service, Inc. and Liberty Utilities (CalPeco Electric) LLC (Liberty) are accepted with modifications. Bear Valley Electric Service, Inc. and Liberty shall file their Final 2022 Renewables Portfolio Standard Procurement Plans as supplemented in accordance with the directives provided in Section 6.1 and its subsections and Section 6.2 and its subsections, of this decision. They shall each file a clean version and a redlined copy showing modifications with the Commission within 30 days of this decision's issuance date.

8. ~~7.~~ The 2022 Off-Year Supplement to the 2022 Integrated Resource Plan of PacifiCorp is accepted with modifications identified in Section 6.3 of this decision. PacifiCorp's Final 2022 Off-Year Supplement shall be supplemented in accordance with the directives provided. PacifiCorp shall file a clean version and a redlined copy showing modifications with the Commission within 30 days of this decision's issuance date.

9. ~~8.~~ Central Coast Community Energy, Clean Power Alliance of Southern California, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Sonoma

Clean Power Authority, 3 Phase Renewables, Calpine PowerAmerica, EDF Industrial Power Services (CA), LLC, and Shell Energy North America (US), L.P. shall update the Project Development Status Update section in their Final 2022 Renewables Portfolio Standard Procurement Plans to address the Commission findings listed in Section 7.3.1 of this decision.

10. ~~9.~~ The retail sellers identified in Tables 2 and 3 (Section 4.1 and 4.2) of this decision shall update their Final 2022 Renewables Portfolio Standard Plans to address the Commission findings regarding their portfolio supplies and demand.

11. ~~10.~~ The retail sellers identified in Table 5 (Section 7.3.2) of this decision shall update their Final 2022 Renewables Portfolio Standard Procurement Plans to address the Commission findings on risk assessment.

12. ~~11.~~ East Bay Community Energy and King City Community Power shall update the curtailment assessment section of their Draft 2022 Renewables Portfolio Standard Procurement Plans pursuant to the findings listed in Section 7.3.5 of this decision.

13. ~~12.~~ 3 Phases Renewables, Calpine Energy Solutions, LLC, City of Palmdale, Clean Energy Alliance, Clean Power Alliance, Pico Rivera Innovative Municipal Energy, San Diego Community Power shall update their 2022 Renewables Portfolio Standard Plans to address the Commission findings on renewable net short calculations as identified in Section 7.3.6 of this decision.

14. ~~13.~~ Clean Energy Alliance, CleanPower SF, City of Pomona, Lancaster Choice Energy, San Diego Community Power, San Jose Clean Energy, 3 Phases Renewables, Inc., Direct Energy Business, LLC, The Regents of the University of California shall update their 2022 Renewables Portfolio Standard Plans to address the Commission findings on cost quantifications in accordance with the Commission findings listed in Section 7.3.8 of this decision.

15. ~~14.~~ All Community Choice Aggregators and Electric Service Providers listed in the Summary section of this decision shall file their Final 2022 Renewable Procurement Standard Procurement Plans within 30 days of the issuance date of this decision.

16. ~~15.~~ The motions seeking confidentiality filed by Bear Valley Electric Service, Inc., Central Coast Community Energy, Clean Power Alliance, Calpine PowerAmerica-CA, LLC, Commercial Energy, Constellation NewEnergy, Inc., Direct Energy Business, East Bay Community Energy, Marin Clean Energy, Redwood Coast Energy Authority, Pacific Gas and Electric Company, Pilot Power Group, LLC, San Diego Gas & Electric Company, and Sonoma Clean Power are partly denied. As noted in Table 11 – Confidentiality Redactions and Commission Findings in Section 8 of this decision, these retail sellers shall each remove the excess redactions in their Final 2022 Renewable Portfolio Standard Procurement Plans. All other motions for confidentiality for the 2022 Renewables Portfolio Standard Procurement Plans are granted.

17. ~~16.~~ Motion for leave to late-file Draft 2022 Renewables Portfolio Standard Procurement Plan filed by Brookfield Renewable Energy Marketing US LLC, dated July 28, 2022, is granted.

18. Motions to update Draft 2022 Renewable Portfolio Standard Procurement Plans filed by Apple Valley Choice Energy; City of Palmdale; City of Pomona; City of San Jose; City of Santa Barbara; Clean Energy Alliance; CleanPowerSF; Desert Community Energy; East Bay Community Energy; Lancaster Choice Energy; Orange County Power Authority; Pico Rivera Innovative Municipal Energy; Rancho Mirage Energy Authority; San Diego Community Power; San Jacinto Power; Silicon Valley Clean Energy Authority; Valley Clean Energy Alliance; 3 Phases Renewables, Inc.; Shell Energy North America (US), L.P.;

Pacific Gas and Electric Company; and Southern California Edison Company, dated August 15, 2022, are granted.

19. Investor-owned utilities (IOUs) are allowed to participate as bidders in the Market Offer process offered by another IOU. Any resulting Market Offer contracts are recoverable in rates subject to Commission's review and approval process.

20. Investor-owned utilities requests for approval for long-term procurement contracts executed pursuant to an investor-owned utility's solicitation held under the Market Offer Process must be through a Tier 3 Advice Letter process and a Tier 1 Advice Letter for contracts less than five years of contract term, consistent with Decision (D.) 14-11-042 for procurement of products for Renewables Procurement Standard compliance.

21. ~~17.~~ Rulemaking ~~18-07-003~~ 18-07-003 remains open.

This order is effective today.

Dated _____, at San Francisco, California.

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